



Russia in crisis

Who will break the Moscow stalemate?

Pages 2 and 13



IMF prescription

Tighten budgets, not monetary policy

Page 5



Gatt deal or not?

Face-saving and shadow-boxing

Page 7



FINANCIAL TIMES

THURSDAY SEPTEMBER 23 1993

IMF

WORLD ECONOMY AND FINANCE

As decision-makers from developing and industrialised countries gather in Washington, is the worst of recession now over? Read tomorrow's FT for a comprehensive guide to events and trends in the world's economies.

Kantor calls for Congress to back Nafta deal

Mickey Kantor, the US trade representative, defended the controversial North American Free Trade Agreement with Canada and Mexico and said an opportunity to secure another such pact would not happen for a generation.

Turning to the current Gatt talks, Mr Kantor dubbed French dissatisfaction with the US-EC farm trade pact, agreed last year, as "an internal EC matter". Page 14; Editorial Comment, Page 13; US cigarette law attacked as illegal, Page 7

US accountants hit by litigation: Insurance companies paid a net \$185m to settle litigation claims against the largest six US accountancy firms last year, according to figures which show the firms paid a net \$598m in legal costs, settlements and insurance premiums, or nearly 11 per cent of their total accounting and auditing revenues. Page 14

Bank of England backs modest moves: Eddie George, governor of the Bank of England, backed UK government efforts to scale down the European Community's ambitions in economic and monetary co-operation. Page 14

IMF warning: Current budgetary trends in many big industrialised countries are unsustainable, according to the IMF in its latest World Economic Outlook. Page 5

S Africa transition vote: South Africa's parliament is due to vote today on legislation to end exclusive white rule, against a background of mounting political violence including two massacres on Tuesday night which left at least 30 blacks dead. Page 6

Protection for EC investors: The European Commission approved proposals for protecting investments in stocks and shares at risk through shaky or bankrupt investment firms. The scheme would require minimum coverage of Ecu20,000 (\$23,600). Page 3

Caution over larger Nato: Nato should consider carefully before enlarging its membership to include former Warsaw Pact countries in central Europe, Mr Malcolm Rifkind, British defence secretary, said in Moscow. Page 4

Japan chip share upsets: US semiconductor industry and trade officials expressed dismay at a fall in the foreign share of Japan's semiconductor market below the 20 per cent annual target level which Washington has laid much store by. Page 7

Diamond discovery: BHP Minerals of Australia and its Canadian partner, Dia Met Minerals, are expanding operations in Canada's Northwest Territories amid growing indications that they have discovered one of the world's richest diamond deposits. Page 24

Argentina: the state-controlled Spanish banking group, will decide within two weeks which international investment house will receive the mandate for the bank's second issue of shares. Page 15

Japanese audiovisual industry: Troubles afflicting Japanese makers of audiovisual products were underlined by a profits downgrade from JVC and an announcement from Hitachi that it was closing its German video recorder factory. Page 15

Thorn EMI saw shares fall 11p to 97p on fears over possible US legislation aimed at curbing the behaviour of staff at the group's American rental subsidiary. Page 15

Train crashes in US swamp: At least 33 people were confirmed dead and 48 were still missing after a passenger train crashed into an alligator-infested swamp near Mobile, Alabama. At least one carriage was totally submerged and the death toll was expected to rise.

STOCK MARKET INDICES	
FT-SE 100	3007.5 (+5.9)
FT-SE 100	2721.99 (+7.55)
FT-SE 100	1494.78 (+0.1%)
Nikkei	20,174.82 (-292.03)
New York: S&P 500	3522.48 (+4.75)
Dow Jones Ind. Ave	454.08 (+1.11)

US LONGTERM RATES	
Federal Funds	3.5%
3-mo Treasury Bill	2.85%
Long Bond	6.12%
Yield	6.12%

LONDON MONEY	
3-mo interbank	5.12% (same)
Life long gilt future	112.12 (Sept 112.12)

NORTH SEA OIL (August)	
Brent 15-day (Nov)	\$18.29 (15.53)
Gold	
New York Comex (Dec)	\$350.00 (355.0)
London	\$354.25 (353.3)

Austria	Sch30	Germany	Dm3.30	Italy	Lira1,200	Spain	Pes1,650	Switzerland	Sfr1.20	UK	£1.00	US	\$1.00
Belgium	Bfr100	Hungary	Hfor100	Japan	Yen100	Netherlands	Gld100	Portugal	Pesc100	Sweden	Skr100	South Africa	Rand100
Canada	Cdn100	France	Ffr100	Denmark	Dkr100	Finland	Fmk100	Greece	Drac100	Ireland	Ir£100	Israel	Sheq100
Czech Rep	Czk100	India	Rs100	South Korea	Won100	Malaysia	Mal100	Philippines	Peso100	Singapore	S\$100	Slovenia	Tolar100
Denmark	Dkr100	Indonesia	Rp100	Taiwan	Ntd100	Thailand	Bat100	Turkey	Lira100	USA	\$1.00	Yugoslavia	Dinar100
Egypt	E£100	Iran	Rial100	UK	£1.00	Poland	Zlot100	China	Yen100	Japan	Yen100	South Korea	Won100
France	Ffr100	Italy	Lira100	Spain	Pes100	Sweden	Skr100	South Africa	Rand100	Switzerland	Sfr1.20	USA	\$1.00

Russian military and foreign governments back president against rebels

Yeltsin wins support for abolition of parliament

By John Lloyd and Leyla Boulton in Moscow

RUSSIAN president Boris Yeltsin survived his first day of direct presidential rule showing increasing confidence as a chorus of support from the military, former Soviet neighbours and foreign states greeted his decision to abolish the parliament and hold elections.

The parliament, after a blaze of defiance early yesterday morning, found its parallel presidency lacking levers to pull, and its calls for strikes, protest meetings and civil disobedience without apparent effect.

In the early hours of Tuesday morning it had voted to strip Mr Yeltsin of power and install his conservative deputy, Mr Alexander Rutskoi, in his place.

Mr Yeltsin also shrugged off the Constitutional Court's decision to pronounce his decree unconstitutional.

He walked genially about central Moscow in the autumnal sun, promising that "there will be no blood" as a result of his action. "If the parliament does

- PAGE 2
- Yeltsin gives reformers hope
 - The generals' morning after
 - Reform still selling down on Karl Marx St
 - Days of wine and poses
- PAGE 13
- Lex
 - Currencies
- Page 14
- Page 32

not exist, there is not, there must not, be any dialogue with it."

The international support for Mr Yeltsin strengthened as Nato and the European community joined the US, Japan and most of the European countries in backing the Russian president.

Mr Willy Claes, Belgian foreign minister, said on behalf of the European Community that the EC supported Mr Yeltsin's move, even though it was unconstitutional.

Mr Manfred Wörner, Nato secretary-general, insisted the alliance would support democratic forces to prevent Russia from falling into chaos.

US president Bill Clinton



Boris Yeltsin (right), with defence minister Gen Pavel Grachev, addresses Muscovites in Pushkin Square

expressed his confidence that the situation would remain calm and Mr Yeltsin retain control until elections in December.

In Germany, which had initially reacted with caution to the events, Mr Theo Waigel, German finance minister, said Russian leaders must make it clear that economic reforms would continue or lose international financial aid.

Senior officials of the Group of Seven and International Monetary Fund said Mr Yeltsin had appreciably improved his chances of receiving the assistance which had been delayed as the reform process stalled.

Mr Yegor Gaidar, who has

returned to the cabinet to head economic reform, appeared before the press for the first time since assuming office, and said his three main tasks were to deal with inflation, to avoid populist policies and further to liberalise the economy.

Mr Gaidar is preparing a raft of economic measures which are likely to include raising energy prices and further liberalisation of trade. He may also consider cutting subsidies to the agricultural and defence industries - constituencies which are unlikely ever to support radical reform and which can be acted against with relative impunity.

Mr Boris Fyodorov, the deputy

prime minister for finance, asked what kind of budget he would bring in now that he is freed from parliament's insistence on implementing a budget with a deficit of 25 per cent of gross national product, replied with a smile: "We can now bring in any budget that we like."

Mr Vladimir Shumeiko, another first deputy prime minister, said that in the weeks before the elections on December 11-12, a draft constitution would go before the constitutional assembly and preparations for elections would be made to the State Duma, the lower house of the

Continued on Page 14

French budget offers boost to economy

By David Buchan and John Riddling in Paris

THE French government yesterday unveiled its 1994 budget plan to give the recession-hit economy a modest boost, using tax cuts and incentives to encourage investment and consumption and privatisation proceeds to reduce the budget deficit.

But Mr Edmond Alphandery, economy minister, admitted the government had reduced its estimate of recovery in consumer spending next year to 0.7 per cent, even though he insisted that France's economic situation "is not getting any worse".

The government is sticking to its forecast that the economy will recover from an estimated 0.8 per

cent drop in gross domestic product this year to grow by a real 1.4 per cent in 1994, but this improvement would be largely due to a pick-up in foreign demand for French goods, he said.

The chief measures outlined by Mr Nicolas Sarkozy, the budget minister, call for:

● An increase in overall spending in 1994 of 1.1 per cent, below the predicted inflation rate of 2.2 per cent. Higher increases are targeted towards classic conservative priorities, including defence and police, but also for fighting unemployment.

● A reduction in the budget deficit to bring it down from an estimated FF337bn (\$55.6bn) this year to FF300bn next year. The government is counting on get-

ting FF55bn from the sale of state companies next year, up from its planned gains from privatisation of FF43bn this year.

● Some FF19bn in tax cuts, mainly to provide relief for the middle classes. They form the centre-right government's main political constituency and hear the hunt of a steeply progressive income tax that is paid by only half of French households. The top tax rate would stay at 56.8 per cent, but tax brackets will be simplified and reduced from 13 to seven.

● Fiscal reforms aimed at shifting French savings towards housing, consumption and longer-term deposits. The Association of French Banks welcomed the move as "a step towards a more logical savings system", but

expressed disappointment that some measures would not take effect until 1995.

More immediate will be the impact of removal of capital gains tax on Sclav money funds which are withdrawn for investment in housing. Economists in Paris said this would revive the depressed housing sector.

The budget package evoked little enthusiasm, even from within the ranks of the government's parliamentary majority where the UDF budget spokesman described it as "the least worst

outcome that is possible in very difficult circumstances". The Socialist opposition denounced the tax cuts as "bluff" because they did larger tax increases which the government had consolidated into its new budget.

Many economists believe that the tax cuts and incentives are by themselves too modest to pull the economy out of recession. But all that Mr Alphandery would say about possible interest rate cuts was to comment that "I know the impatience of some people" on this score.

Continued on Page 14

China says Hurd's remarks may harm relations with UK

By Keith Wheatley in Monte Carlo

CHINA gave a veiled warning yesterday that an attack by Mr Douglas Hurd, Britain's foreign secretary, on Beijing's suitability as a site for the 2000 Olympics could further harm Sino-British relations.

The International Olympic Committee will choose from five contenders for the site tonight, with Beijing still the favourite.

In Monaco to spearhead Beijing's bid, Mr Li Lanqing, a Chinese vice-premier, said: "We feel astonishment and regret at Mr Hurd's remarks." Mr Hurd implied in an Australian television interview last week that Beijing did not deserve to host the games because of its poor human rights record.

Mr Li, a former trade minister, said of Mr Hurd's interview: "This is politics and I believe that sport and politics should not be mixed."

He went on to caution: "The improvement of bilateral relations depends on the efforts of both sides."

Without being prompted, he

raised the question of the future of Hong Kong, saying in a clear linkage of the two issues: "China is sincere in all its talks with Britain. We would like to see a fair and equitable settlement of the question of Hong Kong."

Sydney, Manchester, Berlin and Istanbul are also competing to host the millennium Olympiad. Two prime ministers - Mr Paul Keating of Australia and Mrs Tansu Ciller of Turkey, arrived yesterday to reinforce the final bid presentations to the IOC today.

Mr John Major, the UK prime minister, will fly in from his Asian tour this morning.

Manchester and Beijing each flew in dozens of children to provide street performances. The Savarona, the large 1900s steam yacht, which once conveyed Kemal Ataturk, the founder of modern Turkey, moored in the harbour to support Istanbul.

Celebrities as diverse as singer Shirley Bassey and tennis player Steffi Graf turned up, to support Manchester and Berlin respectively.

The five contenders are together estimated to have spent

more than \$125m on campaigns.

Mr Li said that if Beijing won, China would seek the IOC's permission to hold sections of the games in Hong Kong and possibly Macao - both of which are due to have been returned to Chinese sovereignty by then - as well as Taiwan. Although the Taipei and Beijing governments do not recognise each other, Taiwanese businessmen favour Beijing's bid.

On human rights, Mr Li asserted that for millions of Chinese citizens life had improved: "A lot of people who criticise China's human rights record have never been to our country." "Better to see once than hear 100 times," he added, quoting a Chinese proverb.

Mr Boh Scott, chairman of the Manchester bid, said: "I don't have a sense of human rights and Beijing being talked about among the IOC members," adding that "doubts over China seem to involve organisational capacity and the future stability of the country".

Lobbyists stalk Olympics committee, Page 6

Only one range of international Money Funds scores Triple A

For all investors, security is the key concern. With Fidelity Money Funds, you have all the reassurance you could wish for.

In the first place, deposits are made only with banks chosen and continuously monitored for their creditworthiness. And the Funds have been awarded Moody's Triple A rating (Aaa) for investment quality - the highest available.

That's a higher rating than 99% of banks around the world.

Wherever in the world you find yourself, Fidelity Money Funds offer a flexible, tax-efficient offshore alternative to a deposit account. The Fidelity

organisation looks after over \$60 billion in cash products worldwide and is committed to providing high returns on your money.

We offer wholesale interest rates on any of 16 major currencies, paid out or accumulated gross.

And you can buy, or convert between, currencies at extremely favourable rates of exchange, without charge.

There is no minimum investment and when you need your cash, usually it can be remitted electronically to your bank account anywhere in the world free of charge, within three business days.

The distributor of Fidelity Money Funds is Fidelity Investments Distributors, Bermuda. For more detailed information, including current interest rates for each currency, just contact one of the Fidelity offices below, or return the coupon.

UK Tel: 44 732 777777 Fax: 44 732 628888
Jersey Tel: 44 534 888888 Fax: 44 534 343444
Hong Kong Tel: 852 8461000 Fax: 852 846 2688
Luxembourg Tel: 352 250 404 231 Fax: 352 250 4040

Name: _____
Address: _____
Postcode: _____
Country: _____
Tel No: _____
Fax No: _____
E-mail: _____

Fidelity Investments

NEWS: CRISIS IN RUSSIA

Yeltsin gives reformers cause to hope

By Leyla Boulton and John Lloyd in Moscow, Edward Balls in London and Quentin Peel in Bonn

RUSSIA'S radical economic reformers, boosted by President Boris Yeltsin's dissolution of parliament and the return to government this week of radical economist, Mr Yegor Gaidar, are preparing a counter-offensive after the reverses of recent months.

Although the government stressed it was business as usual despite what President Yeltsin's opponents describe as a coup, his decree to replace the Soviet-era parliament with new elections in December, comes at a critical juncture.

The International Monetary Fund and World Bank, which had grown increasingly frustrated by divisions within the cabinet over pursuing radical policies proclaimed in public, are expected to be encouraged by Mr Yeltsin's decisiveness. The timing of the decision is also useful. Russia had promised to sign a standby agreement with the IMF by October 1 as part of a debt rescheduling agreed with western creditors. But the latest political crisis, and the boosting of the reformist camp, will give it much more leeway in dealing with western institutions.

Senior officials of the Group of Seven industrialised countries have for some time considered the current parliament to be an important obstacle to economic reform which Mr Yeltsin would have to remove. In a clear sign of support for Mr Yeltsin, Germany said yesterday it would today sign a debt-rescheduling deal with Russia to delay payment of capital and interest on DMSbn (£3.2bn) of outstanding credits,

due since the end of 1991.

In return, Russia has agreed to pay some DM500m in outstanding debt service payments by the end of September, to ensure that German credits are given the same treatment as those of all other creditors, including US loans for grain purchases.

Germany has always insisted that as the largest official creditor to Russia it should receive equal treatment. The rescheduling deal is the bilateral element of the Paris Club agreement reached with the Russian government earlier this year, allowing repayments to be extended over a further 10 years.

Western observers closely involved in Russia's reform effort were optimistic that Mr Yeltsin's willingness to take on his opponents would not undermine the reform cause and could even accelerate it.

Mr Yeltsin has finally put economic reform on the line, said Mr Stanley Fischer, professor of economics at the Massachusetts Institute of Technology, and a former chief economist of the World Bank. "If Yeltsin wins, then the reform programme can succeed. If he loses, then it's it for reform."

There had been some concern in western capitals that Mr Yeltsin had not moved more quickly to deal with the constitutional issue after his referendum victory early this year. Western governments and the IMF have taken an increasingly cautious stance towards aiding Moscow since the chaos of the government's abortive currency reform in early July.

Yesterday, the rouble lost 6 per cent against the dollar which sold for Rbl1,102.



ON GUARD: A line of policemen deployed in front of Moscow's White House yesterday to control any repeat of Tuesday night's demonstrations by hardliners

Regions divided over Moscow battle

By Leyla Boulton

A MIXED picture emerged yesterday from Russia's regions as many local governments backed Mr Boris Yeltsin and others sought to weigh up the implications of the showdown in Moscow.

Several of the country's 89 provinces and republics came out in support of the president.

Mr Yuri Nozdrkov, governor of Siberia's Irkutsk region, said yesterday Mr Yeltsin's decree was unconstitutional by the letter of the law, but he added: "Is there any other way out in a situation where parliament

does not wish to act constructively?"

Many officials directly involved in carrying out the government's market reforms, the most noticeable of which has been its mass privatisation, warmly endorsed the president's decision.

"He should have done this much earlier," said Mr Pyotr Lanskov, deputy head of the St Petersburg privatisation fund. "I only hope the president has enough political will to carry out his decree. If he does, Thank God. If he doesn't, and parliament wins out, that will no doubt mean an end to the

privatisation programme." Mr Vyacheslav Silin, deputy chief of the Murmansk administration near Norway in the far north, said the Supreme Soviet had become "divorced from reality".

"I think the Russian people are wise enough not to start a civil war just because of a small bunch of people who place their interests above those of the nation," he said. But Mr Boris Nemtsov, governor of the Nizhny-Novgorod region, which is a pioneer of market reforms, said the present government should take on all presidential responsibilities

until new elections to end the confusion.

Some of the heads of regional councils, such as in the industrial region of Perm, condemned Mr Yeltsin's move.

The republic of Udmurtia went as far as seizing new rights for itself in response to the president's decree. It announced that henceforth its laws would be above those of the Russian government. The bigger republics, such as Yakutia, and Bashkortostan, have already appropriated sweeping rights for themselves in the past, while Chechnya has declared its independence. If

Mr Yeltsin wins his battle with parliament, one of the most testing challenges will be to respond to the long-festering grievances in the regions, mainly over the sharing of power and resources.

Mr Victor Chernomyrdin, the prime minister, yesterday promised to seek extra revenues for provinces, which have considered withholding from Moscow a larger share of local taxes.

But the promise appears little in relation to the sweeping reforms needed to transform the so-called Russian Federation into a real federal state.

Reform still selling down on Karl Marx St

By Leyla Boulton recently in Irkutsk

KARL Marx Street in the centre of Irkutsk is typical of the market reforms sweeping Russia's provinces.

Walk into any shop and you will find a wide range of goods, which became available only after the Russian government freed prices and imports in January last year.

Employees in the corner grocery store, clad in filthy white uniforms, look and behave much the same as they did before the shop was privatised. A wall-poster on an elegant pre-revolutionary building

advertises evening courses in accounting, management and "other skills essential for succeeding in a market economy". But, as in the rest of provincial Russia, continued progress in Irkutsk - the province and provincial capital 4,000km east of Moscow - has been threatened by the political battle in Moscow.

Irkutsk has 3m inhabitants, is the size of Turkey, and is in eastern Siberia, close to the Mongolian border. It is primarily a mineral-rich area, containing Russia's biggest hard rock gold deposit.

For the shoppers on Karl Marx Street, reform has been

harsh and bewildering. High prices in the shops make all but basic staples unaffordable for many. But grudging popular support among local people helped to pave the way for Mr Yeltsin's decision on Tuesday to replace the old-style parliament with new elections.

Irina, a middle-aged nurse earning Rhs47,000 (£30) a month, said: "We have always been poor. Now we have the freedom to do what we want so at least that's an improvement. We like Yeltsin, we feel that he's our muzhik (guy), but you get the impression that they're always throwing a spanner in the works." She

was referring to the Russian parliament and everybody else whom President Yeltsin has accused of blocking reforms.

Yevgeny, a young architect, says the present government must be allowed "to get on with the job, and then you can judge them." He added: "But this way, nobody is taking responsibility for anything."

The reaction of Yuri, a worker at a plant beside Lake Baikal, seems to reflect disenchantment with the spectacle of squabbling politicians. "The parliament is in the way and should be got rid of," he said. The infighting in Moscow has also meant that a federal

tion treaty that was due to devolve power to the regions, has not yet been applied. This in turn has threatened to pull the country apart, with individual regions and republics competing with each other to transfer as little tax as possible to the centre while gaining as much power as possible.

While Moscow still determines matters as trivial as fishing and hunting regulations for Irkutsk's rich lakes and forests, decision-making on more substantial issues, such as the mining of its rich mineral deposits, is paralysed. "No wonder they say laws are not being applied. Moscow

can no longer decide everything from so far away," says Mr Victor Ignatenko, head of the regional parliament.

The challenge for Mr Yeltsin is to take up the understandable grievances in the regions and republics.

Many regions are simply grabbing whatever rights they can in the mean time. When a few Russian provinces this summer declared themselves "republics" - a superior administrative entity designed by the communist authorities to give ethnic minorities a semblance of statehood - cautious Irkutsk decided against following their example.



Absence of violence calms the markets

By James Biltz and Conner Middelman

THE dollar yesterday lost much of the ground it had won against the D-Mark in the immediate aftermath of the Russian crisis as dealers took the view that events in Moscow would not unsettle western nations or financial markets.

Shortly after President Yeltsin's announcement that he would be suspending parliament, there had been a frantic round of dollar buying as dealers viewed the US currency as a "safe haven".

But yesterday, the dollar lost much of the ground it had made up, as dealers were encouraged by signs that the crisis in Moscow was not spilling onto the streets.

After peaking at DM1.6475 on Tuesday night, the dollar slipped back to close in London yesterday at DM1.6285.

Bond markets remained calm for most of the day, as dealers also took the view that President Yeltsin was winning the power battle in Moscow.

However, there was a frantic round of selling late in Europe by intra day traders who were seeking to take profits.

Trading in fixed-income markets is expected to remain choppy in the next few days and investors may yet decide to shift some funds out of Europe if the Russian crisis shows no signs of being resolved.

Gold trading was also a good deal calmer after a wild response to the Russian news on Tuesday evening. The price of gold closed at around \$363.95 an ounce.



Only three years ago. The new president gives his inaugural address to parliament

President and parliament

Yeltsin's demands

The creation of a Federation Council, initially comprising the existing heads of the administrative and legislative bodies of Russia's 89 regions and republics.

This would be the top tier of a new, two-chamber parliament known as the Federal Assembly, which would be the supreme legislative body.

Subsequent elections for this new arrangement would supersede the existing Supreme Soviet and its Congress of People's Deputies.

The 400-member lower house would be the State Duma, of which two thirds would be elected from individual constituency candidates and a third from party lists.

The new parliament would adopt a new constitution to lay the legislative basis for division of powers among president, parliament, national government and regional administration.

New Federation Council, presidential and local elections would then be held.

The president would continue to be head of state and the highest official there would be no vice-president. The president would appoint the prime minister and propose candidates for other top appointments.

He could dissolve parliament under certain conditions.

The new parliament, unlike the present one, would be strictly limited to legislative and supervisory powers and no longer be the "supreme organ of state power".

The people are divided*

In favour of rule by presidential decree without veto by parliament

In favour of legislative rule by parliament

Opposed to both presidential decree and parliamentary rule

In favour of combined presidential decrees and a parliamentary veto

* Nationwide survey based on 1,375 respondents in urban and rural areas, late-June to late-July

Source: Professor Richard Rose of Southampton University

Morning after the night of the generals

By David White, Defence Correspondent, in Moscow

A RUSSIAN general who had been up all night in emergency meetings as his country's constitutional crisis unfolded still attended a pre-arranged meeting with a group of foreign journalists yesterday at the General Staff Academy in south-west Moscow.

Colonel General Valery Mironov, deputy defence minister in charge of personnel and training, refused to take sides in the stand-off between President Boris Yeltsin and General Alexander Rutskoi. The parliament has also moved to try to oust Gen Mironov's boss, Gen Pavel Grachev, as head of the Defence Ministry.

Gen Mironov insisted that the armed forces must stay out of the conflict. After Mr Yeltsin's announcement, he said he managed to contact almost all the commanders of Russia's military districts. "I have the opinion that the majority of servicemen have stated that they are not going to intervene in these events," he said.

Top defence officials, in hastily called meetings, issued orders prohibiting agitation and political activity in military units, Gen Mironov added. His impression was that these orders had received "very great support" in the 2m-strong armed forces.

Earlier yesterday Gen Mironov and other senior officers listened politely to Mr Malcolm Rifkind, the British defence secretary, when he addressed military officers at the academy. But there were murmurs of disapproval among the senior officers as Mr Rifkind expressed forthright support for Mr Yeltsin. It was not

clear, however, whether the disapproval was in response to interference by a foreigner or to Mr Rifkind's support for Mr Yeltsin.

Mr Rifkind told the Russian top brass: "The Russian people are clearly at a vital stage in the development of their democratic institutions."

"Mr Yeltsin's mandates for radical economic and political change have been regularly

There were murmurs of disapproval among Russian military officers as Malcolm Rifkind, the UK's defence secretary, expressed forthright support for Mr Yeltsin

thwarted by institutions with fewer democratic credentials than his own."

Yesterday, military units were understood to have been placed on alert, with emphasis on guarding arms depots and nuclear sites. The latter move appeared to be largely designed to reassure foreign governments, which during the August 1991 coup attempt became extremely anxious about the command and control arrangements for nuclear weapons.

Gen Mironov acknowledged that there were grievances within the armed forces, affected by a loss of prestige, staffing problems and tough economic conditions. He had himself told Mr Yeltsin of soldiers' complaints about pay. There had been delay in pay-

ment, especially to troops stationed in other former Soviet republics, and pay had failed to keep up with inflation.

"It is natural that young officers should have doubts about staying in the service," he said. He did not rule out political agitation by "certain groups of officers and individuals" - but he predicted that there would be no full-scale movement throughout the forces. "I do not foresee any possibility of mass activity in the armed forces."

Gen Mironov said that despite the difficulties, Russia was still able to sustain its forces and to manage to restrain servicemen from active political involvement. The forces still maintained "a certain combat capability", he said.

Gen Mironov, 49, graduated from the academy in the same class as Marshal Yevgeny Shaposhnikov, former head of the forces of the Commonwealth of Independent States.

For three years he was commander of a motor rifle division on active service in Afghanistan, an experience which he said had made him extremely wary of military interventionism.

The academy, which is a grandiose octagonal structure, still stands as a symbol of Russian military power and confidence.

Its 12 storeys are faced with white marble and its entrances decked with 25-foot mosaics depicting indomitable Soviet heroes.

However, like Russia itself, this senior officers' school is nowadays less of a fortress, and the military establishment is gradually adapting to the new political realities.

Drama in streets is pure theatre

By John Lloyd

THE posters, lashed to the railings round the White House like cardboard suffragettes, were violent enough.

"Yeltsin's threat to the Supreme Soviet is a threat to the Russian People! Enough of this alcohol! We must strengthen Russia! The people trust and support their Supreme Soviet! No to elections! Yeltsinism out of Russia! 'Zionists and swindlers out!'"

But the crowd around the White House late yesterday morning, numbering perhaps 2,000-3,000, were more farcical than tragic. Many were elderly. A little glee-club of women pensioners, sitting behind a banner proclaiming the Young Communist League, sang Soviet anthems, charmingly. Another lady recited a poem passionately patriotic, summoning the spirit of Russia from the depths.

Several circles were simply being informed by the more learned of their number as to what was happening. A lady held out a bucket to gather small-denomination notes in support of the people manning the "barricades" - mainly constructed out of rusting radiators, of which the defenders must have found a store.

The sun shone, the air was mild.

There were many red Soviet banners, but more black velvet and white Imperial standards, and St Andrews' crosses, the Russian flag evidently regarded as that of the enemy. Several men were writing up lists of supporters or future combatants - one young man held a placard saying "soldiers for Rutskoi", but there was no sign of any recruits.

Mr Igor Kressitsky, a pensioner, held a copy of the newspaper Den (the influential far-right weekly) and regretted the loss of the Soviet Union. "We were one people, do you understand, and as one people we were great and we had peace here and peace in the world. Can you deny that? Can you?"

The largest group was laughing. On approach, it was revealed they were laughing at an improvised play being acted out by an elderly, patriarchal Russian called Sergei with a white beard and glinting eyes, and a youngish American called Steve. Sergei was teasing Steve.

"Now, Steve, Steve, listen to me, Russia is not as wretched as it looks. Even I am not as wretched as I look. Steve, don't be deceived by my appearance. I am one of a great people. Steve, we threw back the Germans ourselves. Now we are throwing back the Americans! No, Steve, don't worry, we are friends, I have the warmest feelings for you, come and drink something at my house, only unfortunately I have no whisky for you."

Steve, who spoke some Russian but not enough to parry Sergei in the midst of a laughing crowd, said something about wishing to be friendly with everyone. "Steve, this is my idea. My idea. I want you to tell it to the American Ambassador, what is his name?"

Steve did not know. "Picketing", I said. "Picketing, picket (the word is the same in Russian). He is a picket here with us, the ambassador. How wonderful, he supports us." (The crowd in transports of delight.)

"You see, Steve, we are all friends, you, me, the American ambassador..." Relieving Steve finally of his embarrassment, Sergei led him out of the circle of the crowd with every apparent attention of taking him home for a drink.

THE FINANCIAL TIMES
Published by The Financial Times
(Europe) GmbH, Nibelungenplatz 3,
60318 Frankfurt am Main, Germany.
Telephone ++49 69 156 620, Fax ++49
69 364481, Telex 416193. Represented
by Edward Hugo, Managing Director,
Printer: DVM Druck-Vertrieb und
Marketing GmbH, Admiral-Rosenblatt-
Strasse 24, 63553 Neu-Isenburg (owned
by Hürter International).
Responsible Editor: Richard Lambert.
The Financial Times (Europe) GmbH
is a company limited by guarantee.
Number One Southwark Bridge,
London SE1 9HL. The Company is
incorporated under the laws of England
and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: J. Rolley, 168 Rue
de Rivoli, F-75004 Paris Cedex 01.
Telephone (01) 4297-6621, Fax (01)
4297-0629. Printer: S.A. Nord Edito.
1521 Rue de Calais, F-93100 Rosny-sous-
Bois. Editor: Richard Lambert.
ISSN: ISSN 1148-7752. Commission
Paritaire No 6780/D.

DENMARK
Financial Times (Scandinavia) Ltd.
Vimmelskaftet 42A, DK-1181
Copenhagen K. Telephone 33 13 44 41,
Fax 33 93 53 35.

Drama in streets is pure theatre

By John Lloyd

THE posters, lashed to the sides of the White House, the cardboard suffragettes, the violent enough. Yet the threat to the Supreme Soviet is a threat to the Russian People's Front of National Unity. The posters, lashed to the sides of the White House, the cardboard suffragettes, the violent enough. Yet the threat to the Supreme Soviet is a threat to the Russian People's Front of National Unity.

At the crowd around the White House late yesterday afternoon, numbering perhaps 100,000, were more than 100,000. Many were dressed in the club of women's clothes, sitting behind a banner proclaiming the "League of Women".

Some of the crowd were shouting, "We are the Russian People's Front of National Unity!" and "We are the Russian People's Front of National Unity!" and "We are the Russian People's Front of National Unity!"

There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags.

There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags.

There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags.

There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags.

There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags.

There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags.

There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags. There were many red and white flags, and many black and white flags.

Protection scheme for EC investors

By Lionel Barber in Brussels

THE European Commission yesterday approved proposals for protecting investors in stocks and shares whose savings are at risk through shaky or bankrupt investment firms.

The scheme would require minimum coverage of Ecu20,000 (\$23,600) as a safeguard for stock investors throughout the Community.

This would match the limits set under a similar EC-wide bank deposit guarantee scheme which was agreed by EC ministers a week ago.

EC finance ministers are expected to consider the compensation plan for stock and shares in the first half of next year. If approved, it would become effective in January 1995.

This is the date when share dealers will be allowed to operate throughout the EC, once they are licensed in one of the 12 member states - a move which the Commission hopes will stimulate the growth of small investors.

Under the Commission proposal, EC member states would repay 90 per cent of the first Ecu20,000 at risk.

Some member states such as France, Germany and the UK believe that this limit is too low; however, Commission officials pointed out yesterday that it would be difficult to change the figure in the light of the bank deposit guarantee scheme.

"Some banks are involved in selling stocks and shares," explained one Brussels official who said the latest proposal

reflected the need for consistency of treatment of banks and investment firms.

The plan would require investment firms to belong to a national compensation scheme which would then cover all the firm's investment clients, including those in other member states.

Because the plan sets only minimum cover, EC countries with higher levels of compensation would be allowed to keep them.

Most EC countries now provide higher protection for stock investors, but others such as Denmark, Spain and Portugal have no schemes or minimal compensation.

The Commission said yesterday it was doubling the amount of money it gives to help people who are at a big disadvantage finding work, Reuter reports from Brussels.

It said it was proposing to EC governments to increase to Ecu12m from Ecu5m the amount of money available to help those who find it harder than usual to find work because they are homeless, ill or do not have access to public services or training.

"This proposal for a new programme to run from July 1994 to December 1999 comes at a time when European society is faced with unacceptable and rising levels of poverty and exclusion," the Commission said.

It said 52 million people - 15 per cent of the EC's population - were poor and three million homeless.

"With rising unemployment, Europe is faced with new forms of exclusion and poverty," it said.

Ruhr miners stage protest

By Ariane Gornilard in Bonn

GERMAN miners went on strike yesterday to protest against job cuts announced by recession-hit Ruhrkohle, Germany's largest coal producer.

Miners broke off early from their morning shifts to join fellow workers protesting in the streets of all major towns in the Ruhr valley, Germany's industrial heartland. IG Bergbau, the coal miners' trade union, said 60,000 miners from Ruhrkohle's 80,000 workforce had stopped working.

Most of the miners went back to work in the afternoon, except those from the Monopol pit of Bergkamen, which will be closed under the plan, and those from the Niederrhein area, who said they would stay out until Chancellor Helmut Kohl intervenes.

"Nobody on the Niederrhein will go underground again, until the chancellor keeps the promises he made in 1991 - to maintain coal production," a union leader said.

The miners' anger was prompted by Ruhrkohle's decision on Tuesday to axe an additional 6,000 jobs next year.



Olympique Marseille, already barred from defending their European Cup crown, suffered another blow yesterday when French soccer authorities stripped them of their league title for their role in a bribery scandal. Reuter reports from Paris. French Football Federation president Jean Fourquet-Fayard (above) said: "We had to take sanctions in this affair, which has seriously harmed the morality of our sport." Fifa, world soccer's governing body, had threatened to suspend France from international competitions unless sanctions were taken by today to end the saga in which three Valenciennes players said they were offered money by Marseille to throw a league match.

Norway banker foresees krone link to Europe

By Karen Fossell in Oslo

NORWAY'S central bank governor Hermod Skaanland said he believed Norway would in some way or other link the krone to a future European currency system even if Norway did not become a member of the European Community.

"Should we not become a member, I think we will nevertheless seek a currency regime which in some way or other is tied to the European system and on a basis as mutual as circumstances will permit," Mr Skaanland told delegates of the annual meeting of the Federation Internationale des Bourses de Valeurs.

Norway unilaterally linked the krone to the European currency unit in October 1990, but was forced to float the domestic currency last December during turbulence in the European exchange rate mechanism which also forced neighbouring Sweden and Finland to float their currencies.

After an immediate fall of about 6 per cent in the krone's

value against the Ecu, it has returned to about 3.5-4 per cent below its pre-float level.

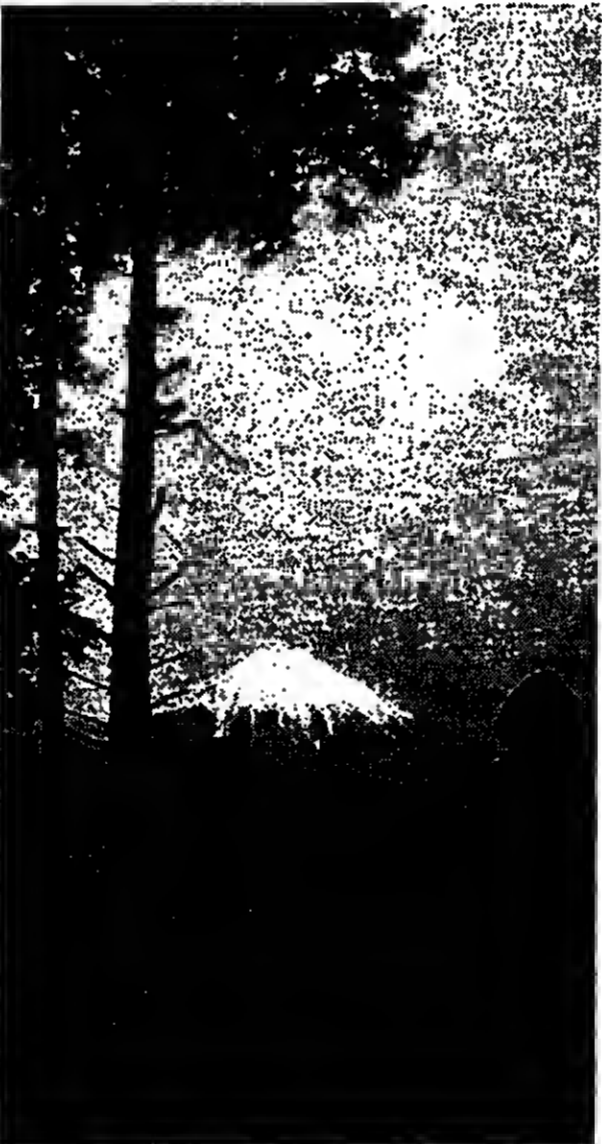
"A unilateral link to the Ecu of the kind we had up to December last year does not appear a very promising alternative. Something more robust is needed," Mr Skaanland said without giving details.

Norway is currently negotiating membership of the EC but polls put opposition to accession at about 58 per cent with just 31 per cent in favour.

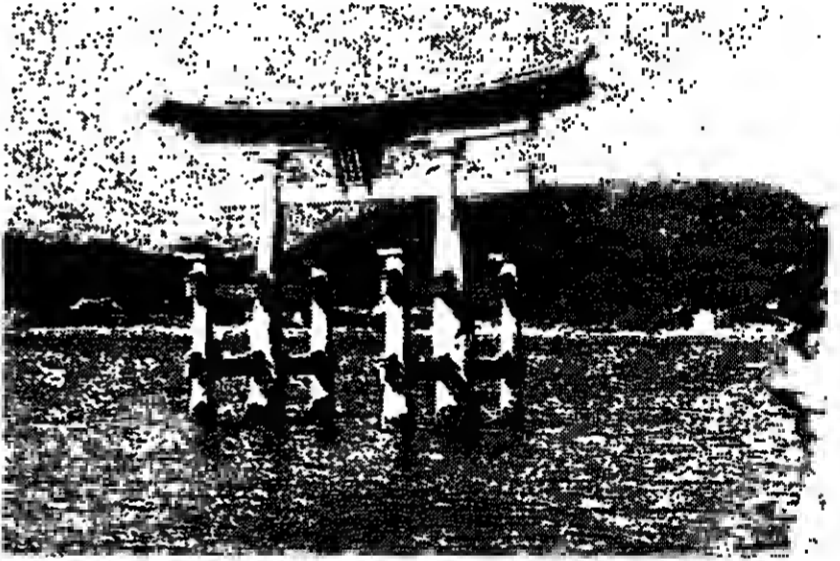
The issue will be decided by a referendum, possibly in 1995.

"As a member, Norway would be fully prepared to participate in the foreign exchange co-operation within the European Community which may at that point in time exist."

Fly JAL and earn a free trip to Japan. (It's a beautiful place when you're not inside an office.)



The magnificent Mount Fuji.



The famous torii gate, entrance to Miyajima Shrine Island.



The graceful arches of the Kintai-kyo Bridge near Takamatsu City.

Like many business travellers, your main sightseeing opportunity in Japan is probably the cab ride between the airport and your hotel.

With JAL Mileage Bank Europe all that could change. Because if you collect enough mileage credits, we'll fly you there free.

You could then explore this beautiful country in your own time, at your own pace. Once you've seen Japan, you'll probably want to experience as much of the rest of the East as you can. The good news is your trip includes free onward flights to other destinations in Asia, Australia and Hawaii.

And the benefits of JMBE don't end there. Clock up enough miles and you can also earn free European breaks, ticket upgrades and accommodation at selected hotels.

JMBE Mileage credits have previously been available on all normal fare First and Executive Class tickets. Now we've extended JMBE to Economy Class too.

As an added bonus, double mileage is now available from all JAL international gateways. This offer will run from the 1st of September to November 30th 1993. And it will be open to all passengers, even those travelling economy. For more detailed information call your nearest JAL Office.



A WORLD OF COMFORT

London 071-498 1000 Frankfurt (069) 1360-125 Paris (11) 4435-5585 Copenhagen 33 11 33 80 Amsterdam (020) 626 8541 Zurich (01) 211 15 57 Geneva (022) 731-7160 Madrid (91) 512-0000 Athens 3212111-3 Moscow 921-6648 or 921-6448 Vienna 535-5135 Brussels (02) 640 8680 Nairobi 220591, 221757 Cairo 5747243 Tehran 823084-9

Weekend FT
WORLDWIDE
RESIDENTIAL PROPERTY
SUPPLEMENT
25th September 1993

This pull-out and keep issue will cover all aspects of the property market, including:

- PROPERTY RENTALS - advice for both Landlords and tenants
- LONDON PROPERTY
- COUNTRY PROPERTY
- INTERNATIONAL PROPERTY
- RETIREMENT HOMES

Whatever your needs, this supplement will be an essential read for anyone interested in the residential property market.

For more details
Tel: Sonya MacGregor 071-873-4935

Order your copy of the Weekend FT Now!

NEWS: EUROPE

Caution urged on Nato expansion

By David White, Defence Correspondent, in Moscow

NATO should consider carefully before enlarging its membership to include former Warsaw Pact countries in central Europe, Mr Malcolm Rifkind, British defence secretary, said in Moscow yesterday.

He expressed clear UK reservations about an early move to integrate Poland, the Czech Republic, Slovakia and Hungary.

Enlargement is set to be a

central issue at the Nato summit in January.

The UK is taking a notably more cautious line than has recently emerged in the US and Germany, particularly from Germany's outspoken defence minister, Mr Volker Rühe.

Mr Rifkind told the Russian General Staff Academy: "Membership of Nato involves responsibility as well as rights and cannot just be seen as a political statement or as a means of enhancing the secu-

urity of any one individual country."

Nato had to seek stability throughout Europe and must not create "new areas of contention and mistrust," he said. His remarks were partly aimed at reassuring Russian military leaders, who are concerned about the expansion proposals.

President Boris Yeltsin, on recent visits to Warsaw and Prague, indicated that Russia had no objection if central European countries decided to join.

However, these remarks are widely viewed in Moscow to have been ill-considered.

Senior Russian defence officials see any move to incorporate former Warsaw Pact members as premature. Such a move is seen as a potential provocation to political hardliners.

Dr Alexander Savelyev, vice-president of the Institute for National Security and Strategic Studies, said there were "powerful groups" within Russia who would not accept

an eastwards expansion of Nato.

Mr Rifkind said there could be no question of seeking to isolate Russia.

"There is no strategy of encirclement and, if there were, the UK would have no part in it," Mr Rifkind assured his audience of Russian officers.

The January summit would have to consider the alliance's relations with all other European states, including Russia, he said.

Italy's judges are brought to book

The only surprise is that it has taken so long, writes Robert Graham

THE courts in Rome have been dubbed "the gateways to the mists". This is a euphemism for the way proceedings are manipulated to create a fog of confusion in any prosecution, so preventing the truth from emerging.

As a former chief prosecutor in Rome, Mr Claudio Vitalone has been long linked to some of the most notorious examples of obfuscation. He is now being investigated on charges of perjury that relate to the murkier aspects of the Italian judicial system and its manipulation by political masters.

That the investigative magistrates should get round to examining members of their own profession is not surprising in the current anti-corruption climate. The only surprise is that it has taken so long. Compliant judges have played an essential role in protecting the corrupt politicians and their friends from prosecution - including those in the Mafia.

So far this year an appeals court judge has been suspended because of suspected links with the Sicilian Mafia and at least three Naples judges have been suspended because of suspected links with organised crime. But the Vitalone case, more than any other, underlines the extent to which the separation of powers during Italy's discredited First Republic has become a fiction.

Mr Vitalone is accused of perjury in connection with the murder in 1979 of Mr Mino Pecorelli, the editor of *QR*, a magazine that specialised in inside information on the government and security services. His lawyers say he is innocent.

He is a close associate of Mr Giulio Andreotti, the former Christian Democrat prime minister, who faces charges of approving the Pecorelli murder. Mr Andreotti was questioned again on Tuesday about this murder. Rome magistrates allege Mr Pecorelli was killed by Mafia-sponsored hit-men because he knew too many secrets, including those sur-

rounding the death of Mr Aldo Moro, the Christian Democrat premier kidnapped by Red Brigades terrorists.

Only days before Mr Pecorelli was murdered, Mr Vitalone helped organise a dinner during which the journalist was persuaded to replace OP's cover story, which contained scurrilous insinuations about Mr Andreotti's financial dealings. Both Mr Andreotti and Mr Vitalone are alleged to have been friendly with the Salvo cousins, prominent Sicilian businessmen linked to the Mafia, who are said to have organised the killing. Their connection with the now dead

Mr Curto admitted receiving money for rigging the deal but said he had thrown the notes into a rubbish bin. The funds were traced to a Swiss bank account.

Salvo cousins is central to the magistrates' case.

The perjury charge, made last week, arose from magistrates cross-checking a statement of July 22 in which Mr Vitalone denied any connection with the Salvos and the Pecorelli murder.

Mr Vitalone is credited with having over-hastily closed the books on investigations into the 1970 abortive coup by Prince Valerio Borghese, as well as other cases such as the "Gladio" affair (right-wing elements in the armed forces and security services using the cover of secret Nato resources to destabilise the country). Mr Vitalone also played a prominent part in advising the government during the Moro kid-

nap - and the circumstances surrounding the negotiations with the late premier's kidnappers remain a mystery.

Backed by Mr Andreotti, he left judicial office to become a Christian Democrat senator in 1979. Subsequently Mr Andreotti chose him as his minister of foreign trade. The perjury charge came on the day the Higher Judicial Council (CSM) approved his return from politics to the judicial ranks. A majority of the 33-strong CSM agreed he could take up a post in the Florence public prosecutor's office, even though he was already under investigation for alleged corruption relating to aid to Albania. He and his lawyer brother Wilfredo are also contesting charges of fraudulent bankruptcy.

His readmission to judicial office has provoked such an outcry that the justice ministry has been obliged to seek a freeze on Mr Vitalone's posting. This in turn has thrown the spotlight on the composition of the CSM and the continued influence of the discredited traditional political parties over it. The likes of the investigative magistrates in Milan, who have done so much to inject a fresh energy and integrity into the judicial system, are by no means in the majority.

Only two weeks ago Mr Diego Curto, deputy head of the Milan courts, who has handled some of the most important financial cases of recent years, was arrested on charges of abuse of office and corruption. He is in prison, accused of receiving L400m (£166,000) for his part in the 1990 buy-out at an inflated price by Eni, the state oil company, of Ferruzzi-Montedison's stake in their joint chemicals venture, Enimont. Mr Curto admitted he had received money for rigging the deal but had thrown the notes into the rubbish bin. Last week the funds were traced to a Swiss bank account.

NEWS IN BRIEF

Wörner cautious on Bosnia deployment

By Gillian Tett

LORD Owen and Mr Thorvald Stoltenberg, the international mediators, yesterday met Nato officials in Brussels to gather support for a Nato peacekeeping force in Bosnia.

But after meeting the mediators, Mr Manfred Wörner, Nato secretary-general, insisted that Nato would not send troops to Bosnia indefinitely and would need clear military goals before any deployment.

His comments came as the mediators warned that the peacekeepers could become involved in the fighting.

Although Nato has said it could deploy 50,000 peacekeepers, on top of the 15,000 UN protection forces already in the former Yugoslavia, no firm decision has been taken, and some alliance officials remain wary of engaging in a conflict which could potentially undermine Nato's credibility.

The Croatian government yesterday said it would ask UN peacekeepers to pull out of its territory when the UN mandate expires next week, unless the UN acknowledged Croat demands to disarm Serb forces in the republic.

Mining official named as Ukraine's prime minister

Ukrainian President Leonid Kravchuk appointed a conservative mining official, Yefim Zvyagilsky, as acting prime minister yesterday, a presidential spokesman said. Renter reports from Kiev.

Mr Zvyagilsky, a proponent of increased state involvement in the economy, was appointed by presidential decree a day after parliament accepted the resignation of his predecessor, Leonid Kuchma.

Mr Kravchuk had hinted during parliamentary debate this week that he could name an acting premier, as President Boris Yeltsin did in Russia last year, to help speed introduction of economic reforms.

"This is not a final decision. Everything will depend on how events develop, especially on the date of new elections which parliament is to determine," presidential spokesman Volodymyr Shlyaposhnykov said.

Mr Zvyagilsky, 60, was a first deputy prime minister in Kuchma's outgoing government and a strong supporter of closer economic links with Russia. He was appointed to that post in June to satisfy the demands of striking coal miners.

East German property law comes under fire

By Judy Dempsey in Berlin

A DRAFT law on compensating former property owners in eastern Germany is unconstitutional and the entire question will have to be reconsidered, according to Mr Kurt Biedenkopf, prime minister of Saxony.

The question of land compensation has plagued eastern Germany's five states for three years. Any further delay in resolving the dispute is likely to hold up investments in the states. Fewer than a quarter of the 1.2m claims on 2.63m titles have been resolved.

Mr Biedenkopf's comments are likely to fuel the debate on compensation in Bonn.

He said in an interview that "efforts to legislate compensation for expropriation in eastern Germany went against the wall of constitutionality" because all property was not being treated equally before the law.

Those who had property confiscated by the Nazis between 1933 and 1945, and by the Communists between 1949 and 1990 are entitled to full restitution and compensation. But those whose property was expropriated between 1945 and 1949, when eastern Germany was under Soviet jurisdiction, have no right to restitution and only limited compensation.

Mr Biedenkopf's criticisms of the draft legislation follows a special hearing of 70 lawyers and associations of the Bundestag's finance and legal commit-



Biedenkopf: fuelling debate

tee. During last week's two-day hearing, there were faint hopes a bill setting out how to finance those whose property was confiscated would be accepted. But several lawyers said it was unconstitutional and may be referred to the Constitutional Court if the Bundestag passes the legislation.

The constitutional issue stems from the way compensation will be financed. The draft law states that those who have already got their property back must contribute to a special Compensation Fund totalling DM13.5bn (£5bn).

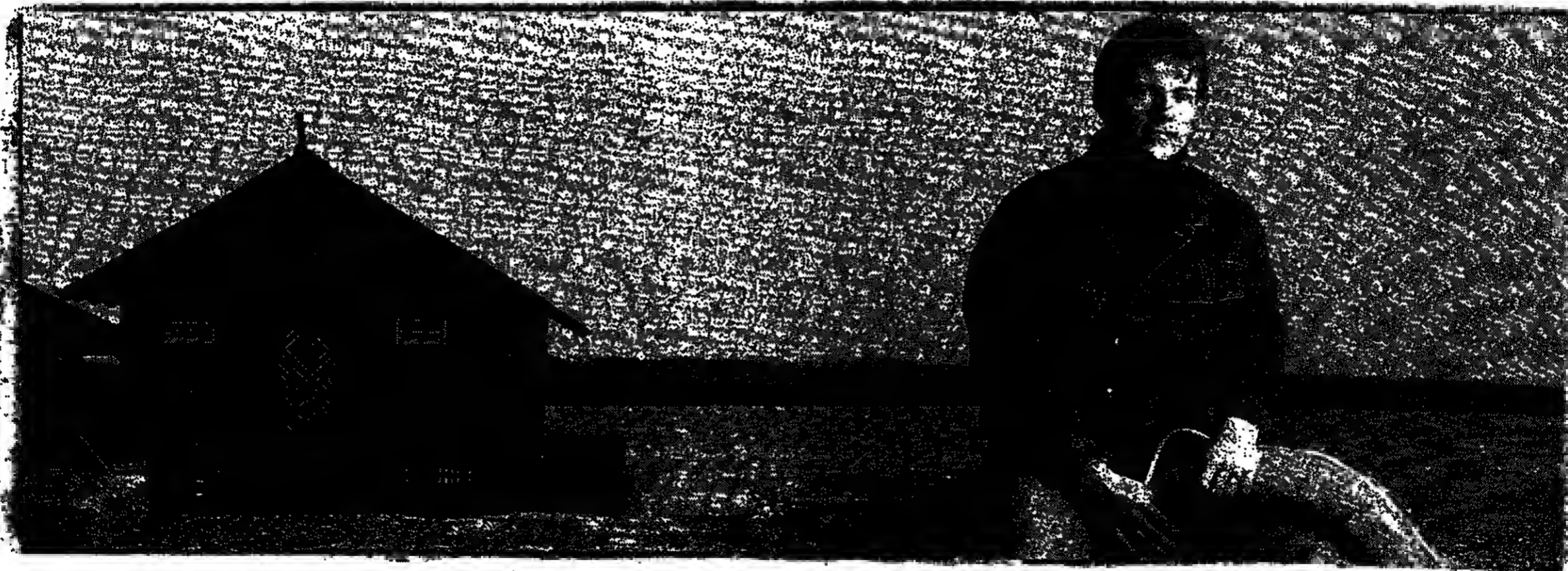
The amount they are required to pay is a third of the rateable value of land in 1935. In addition, depending on

whether the property is land, a house, or a shop, this sum will be multiplied, in some cases by a factor of 10. After five years, the claimant must pay that sum to the Finance Ministry, otherwise the property might be sold.

Those who have got their property back argue it is unfair they should be penalised by having to subsidise the compensation fund.

But those seeking compensation are just as angry. They are entitled to receive the maximum of DM950,000 in compensation, regardless of the current market value of their property. They argue that this is unconstitutional because property is not treated equally before the law.

"At ITT Sheraton I'm trained to help guests."



As a volunteer lifeguard, I'm trained to save lives."

Stefan Resch

ITT SHERATON, MUNICH

As one of our chefs, Stefan Resch is well-known for his colorful presentation dishes. However, he's also dedicated to helping people as a trained life-saving swimmer and volunteer ambulance man.

ITT Sheraton is one of eight diverse businesses that make up today's ITT Corporation. This, along with our

investment in Alcatel Alsthom, makes us a global, US \$22.0 billion enterprise employing over 100,000 people around the world. In fact, one out of three ITT employees lives and works in Europe. And whether it's ITT Fluid Technology, ITT Rayonier, or ITT World Directories, these companies and all of our businesses, share a common

goal. To improve the quality of life. Because helping people is more than just our job it's our responsibility. Just ask Stefan Resch. For more information about ITT phone us on: 322 643 1449. Or write to: ITT Europe, Ave Louise, 480 B-1050, Brussels, Belgium.

ITT

ITT FLUID TECHNOLOGY ITT RAYONIER ITT WORLD DIRECTORIES ITT AUTOMOTIVE ITT INSURANCE ITT DEFENSE AND ELECTRONICS ITT FINANCIAL ITT SHERATON

WORLD ECONOMIC OUTLOOK

IMF urges reductions in interest rates across EC

By Peter Norman in Washington

INTEREST rates must be eased across Europe to halt recession and ensure recovery during 1994, the International Monetary Fund says.

In its latest World Economic Outlook, the IMF says that Europe needs a "mutually reinforcing process of economic recovery in which the restoration of confidence and rebound of activity in each country supports similar gains in the others."

The best way forward, the IMF argues, is through lowering interest rates.

A progressive easing of monetary conditions in those countries which are members of the European exchange rate mechanism would have positive effects on business and consumer confidence.

In its report, the International Monetary Fund does not conceal its disapproval of the way in which continental European countries have maintained what it sees as over-restrictive monetary policies during the past year because of their adherence to the European Monetary System.

Although couched in diplomatic language, the Outlook underlines the IMF's dislike of over-cautious interest rate

reductions on the continent since the decision early in August to increase the fluctuation margins in the ERM to 15 per cent either side of central rates.

In a thinly-disguised attack on the policies of Germany's trading partners, the IMF warns that "to maintain excessively high real interest rates to avert some exchange rate depreciation in the short run would further delay recovery, increase the risk of additional fiscal policy slippages, fuel protectionist pressures and might even trigger larger speculative attacks that could lead to larger exchange rate adjustments."

The Fund expects economic growth in the industrialised countries to weaken this year to 1.1 per cent, from an already modest 1.7 per cent in 1992. Although the IMF forecasts that growth in the industrialised world will recover to 2.3 per cent next year, it warns that the strength and timing of the pick-up remain unclear.

It is only because of strong growth in the developing world that the IMF has left its 1993 forecast for world economic growth unchanged, at 2.2 per cent, since its last Economic Outlook at the end of April. It has revised down by just 0.2 percentage points, to 3.2 per

By Peter Norman

CURRENT budgetary trends in many big industrialised countries are unsustainable, according to the IMF in its latest World Economic Outlook.

It warns that the overall budget deficit among industrialised countries is expected to reach 4.5 per cent of gross domestic product this year, about the same as the previous record in 1982.

In recent years public debt burdens have risen sharply and many countries have almost lost the ability to use fiscal policy as a tool to stabilise their economies.

According to the IMF: "Major additional efforts are necessary to achieve fiscal sustainability as well as broader economic objectives", such as the restoration of adequate national savings rates and higher growth.

The fund argues the large fiscal deficits "need to be addressed with a considerable degree of urgency". It says high real long-term interest rates and lacklustre growth can be traced back to high deficits.

Although the IMF acknowledges many countries have either proposed or adopted "significant deficit-reduction measures", it warns that most of these efforts "will not be sufficient to

restore fiscal sustainability over the medium term".

Failure to reduce structural deficits during the growth years of the 1990s has made the job of governments more difficult. However, the IMF believes "gradual, but cumulatively substantial" deficit reductions are possible without jeopardising global economic recovery.

A brief survey of the leading industrial countries emphasises the problems, however.

● Achievement of the US administration's budget reduction efforts will still leave a deficit of 2.75 per cent of GDP in the 1993 fiscal year,

● Germany's deficit reduction plans are based on over-optimistic economic assumptions;

● Britain, France and Italy face structural budget deficits of respectively 3.5 per cent, 2 per cent and 5 per cent of GDP a year over the medium term.

The IMF says it is not sufficient to stabilise present levels of public debt to GDP; instead, governments should aim gradually to reduce debt ratios over time.

Such a goal is all the more necessary because measures of government indebtedness understate the extent of the problem. The IMF says govern-

ment debt figures do not include future entitlements to pensions in public pension schemes.

It warns that it will be necessary for countries either to increase borrowing or taxes when social insurance assets are drawn down to fulfil pension obligations.

Unemployment is also taking a fiscal toll on the industrialised world.

The fund estimates that unemployment benefits accounted for 3.5 per cent of total government spending in the industrial countries in 1991. They have since risen with the lengthening of dole queues.

West's budgetary trends unsustainable

Peter Norman on the latest mixed outlook for economic growth



THE world economy will register its fourth successive year of inadequate growth in 1993 and the prospects for recovery next year are uncertain, the latest World Economic Outlook from the International Monetary Fund makes clear.

The Fund expects economic growth in the industrialised countries to weaken this year to 1.1 per cent, from an already modest 1.7 per cent in 1992. Although the IMF forecasts that growth in the industrialised world will recover to 2.3 per cent next year, it warns that the strength and timing of the pick-up remain unclear.

It is only because of strong growth in the developing world that the IMF has left its 1993 forecast for world economic growth unchanged, at 2.2 per cent, since its last Economic Outlook at the end of April. It has revised down by just 0.2 percentage points, to 3.2 per

cent, its forecast for global growth next year, reflecting expectations of continued robust growth in Asia, parts of the Middle East and much of Latin America.

But the Fund is now far gloomier about economic prospects in Japan and France than it was five months ago.

Unemployment has risen to 'intolerable levels'

In Japan, recent indicators suggest that recovery stalled in the spring. In Europe, recovery is unlikely to begin before late 1993 or early 1994, while growth in north America is weaker than expected.

Unemployment has risen to "intolerable levels" in industrial countries, the IMF says. At over 32m, the number of

jobless in the industrial countries this year will be equivalent to the working-age populations of Sweden and Spain combined.

Excess capacity in all Group of Seven countries except the US is higher than in the recession of the early 1980s. The upshot is likely to be moderate inflation but higher unemployment, and increased protectionist pressures.

However, the IMF has scaled up its expectations of growth in the developing world by one percentage point this year and 0.4 points in 1994 to 6.1 per cent and 5.5 per cent respectively. Growth in Asia is forecast to be 8.7 per cent this year (some two percentage points higher than forecast in May) and 7.1 per cent in 1994.

The IMF expects developing country imports will increase by 9 per cent in both this year and next after 10 per cent a year in 1991 and 1992. Those developing countries with successful, market-ori-

ented economic policies and high domestic savings tend to be growing more than others.

The Fund says two factors lie behind the feeble recovery in the industrialised world. There has been a painful adjustment to the asset price inflation of the late 1980s in North America, the UK, Australia and now Japan. In Europe, the consequences of German unification and the slow progress on cutting interest rates by countries in the exchange rate mechanism have delayed recovery.

But the IMF believes there is some reason for cautious optimism that the world economy will gradually strengthen. It hopes countries will pursue policies to reduce their fiscal deficits, providing scope for monetary policy to be relaxed and give temporary support to activity, especially in Europe.

The three Japanese fiscal packages since December last year should help support activity in Japan over the rest of this year and in 1994, it says.

OVERVIEW OF THE WORLD ECONOMIC OUTLOOK PROJECTIONS

(Annual per cent change unless otherwise noted)

	1991	1992	1993	1994	1995	1996
World output	0.6	1.7	2.2	3.2	-	-0.2
Industrial countries	0.5	1.7	1.1	2.2	-0.5	-0.7
United States	-0.7	2.6	2.7	2.6	-0.6	-0.7
Japan	4.0	1.3	-0.1	2.0	-1.4	-1.5
Germany	1.7	1.9	-1.6	1.2	-0.3	-0.4
France	0.7	1.4	-1.0	1.1	-1.0	-1.1
Italy	1.3	0.9	0.3	1.7	-	-0.2
United Kingdom	-2.2	-0.5	1.6	2.6	0.3	-0.3
Canada	-1.7	0.7	2.6	3.6	-0.6	-0.6
Seven countries above	0.4	1.6	1.3	2.3	-0.6	-0.6
Other industrial countries	0.8	0.9	-	1.7	-0.5	-0.4
European Community	0.8	1.1	-0.2	1.6	-0.3	-0.5
West Germany	4.5	1.6	-2.2	0.6	-0.3	-0.3
Developing countries	4.5	5.8	6.1	5.5	1.0	0.4
Africa	1.6	0.4	1.6	2.6	-1.1	-1.3
Asia	6.1	7.6	8.7	7.1	2.0	0.4
Middle East and Europe	2.4	7.6	3.4	4.6	-1.6	1.1
Western hemisphere	3.3	2.5	3.4	3.5	1.1	0.6
Countries in transition	-12.0	-15.4	-10.2	-1.1	-1.4	0.5
Central Europe	12.6	-0.1	-1.6	1.9	-0.3	-0.8
Former USSR	-11.6	-17.8	-13.7	-2.4	-1.9	1.1

Source: IMF

UK 'must strive to reduce deficit'

By Peter Norman

BRITAIN will have to make further efforts to cut its budget deficit in addition to the tax increases and public spending restraint already planned for 1994-1995, the International Monetary Fund warns.

In its latest World Economic Outlook, it says that the structural part of the budget deficit (that part not caused by recession) has increased sharply to about 5 per cent of gross domestic product this year.

Although the Fund expects the structural deficit to fall "significantly" next year, because of budget measures already decided, it is expected to average about 3.5 per cent of GDP over the medium term.

The IMF pinpoints the rise in public spending as a share of GDP from 38 per cent to 44 per cent over the past four years as a cause of the UK's structural budget problem.

Mr Michael Mussa, the IMF's chief economist and head of its research department, said yesterday that Britain should

reduce it deficit by action on both the spending and the revenue sides of the budget.

In spite of the deficit worries, the IMF is more bullish about the UK's current economic performance than it was when it published its last Economic Outlook at the end of April. Britain is the only G7 country for which the IMF has revised upwards its growth forecast for this year.

The Fund now expects growth in the UK to be 1.8 per cent this year, against expectations of 1.4 per cent growth in the spring.

It says that the lowering of interest rates and improved competitiveness that followed the decision to float sterling a year ago helped turn an incipient recovery into a moderate expansion.

As the recovery gains momentum, growth is expected to rise to 2.3 per cent next year. This, however, will be a slightly less buoyant performance than the 3.1 per cent growth forecast for 1994 at the end of April.

US holds back IDA tranche

By George Graham in Washington

A KEY congressional committee has withheld full authorisation for the \$3.75bn US contribution to the International Development Association, the World Bank unit that provides loans at low interest rates to the poorest developing countries.

The House of Representatives banking committee voted yesterday to allow the US to sign the IDA replenishment agreement reached last year, but to authorise only the first two \$1.25bn tranches of the US contribution. This limited authorisation follows protracted talks with the US treasury and the World Bank.

Both Treasury and World Bank officials had hoped recent changes in portfolio management and disclosure policy would be enough to win a full three-year authorisation. The bill would also authorise the US to write off developing country debts.

Clinton calls last ditch talks over healthcare bill

By George Graham

PRESIDENT Bill Clinton called leaders of both parties to the White House yesterday, for a final discussion on healthcare reform before he unveiled his proposals in a speech to both houses of Congress last night.

Both Mr Clinton and his wife Hillary, who has headed the White House healthcare task force, have spent the last week expressing readiness to compromise on virtually all aspects of their proposal.

And despite months of planning, many details of the programme, particularly how it will be paid for, have still not been determined. Legislative texts are not expected to be sent to Congress until the beginning of next month, and even the most optimistic do not expect the reform to be passed before next spring.

Mrs Hillary Clinton this week set a still more modest

timetable, predicting only that a bill would be ready to sign into law within a year.

This would be perilously close to next year's congressional elections and could endanger the spirit of compromise now prevailing between the political parties.

The core of Mr Clinton's plan is the promise of universally guaranteed health insurance by the end of 1997. But Mrs Clinton this week said she would be "open to talk about" a slower phase-in of universal coverage.

Most people would be enrolled in "health alliances" which would broker a limited range of government-regulated health plans for members.

All employers would have to pay 80 per cent of premiums for their workers, although premiums would be subsidised for small companies. The plan envisages spending \$160bn over the next seven years on

these employer subsidies, \$80bn to expand coverage of long term care and \$72bn to pay for prescription drugs under the Medicare programme for the elderly.

Offsetting this, Mr Clinton hopes to save \$35bn on existing government health programmes such as Medicare and Medicaid, and to raise \$105bn from "sin taxes", mostly from an increased tobacco tax, although the precise details have still not been fixed.

The US public is still uncertain and divided about healthcare reform. A recent Gallup poll showed that while 70 per cent of those questioned were satisfied with their own coverage, 90 per cent believed US healthcare was in crisis.

While the health insurance industry has launched advertisements attacking the plan, Mr Clinton has won important support in the last week from trade unions and doctors.

Aspiring doctors are undeterred

By Lisa Branstetter in Washington

MEDICAL school applications in the US reached a record high this year, despite the uncertain effects healthcare reform will have on the lives of doctors. "It has made sure that people are doing it for other reasons than to make a lot of money," said Mr Brian Nelson, a medical student at the

George Washington University School of Medicine.

With the University of California, San Francisco, receiving 5,100 applications last year for 140 medical school places, other reasons are clearly abundant. The attraction may be job security.

The push towards "managed care", whereby doctors would form networks to compete for business, is likely to reduce

salaries. At the same time the Clinton administration hopes to increase the number of students entering general medicine to 50 per cent within five years. In 1992 just 15 per cent of medical students chose primary care specialties, with salary differentials the main reason for the low take-up.

A GP makes an average of \$111,500 a year, while a specialist averages \$233,300.

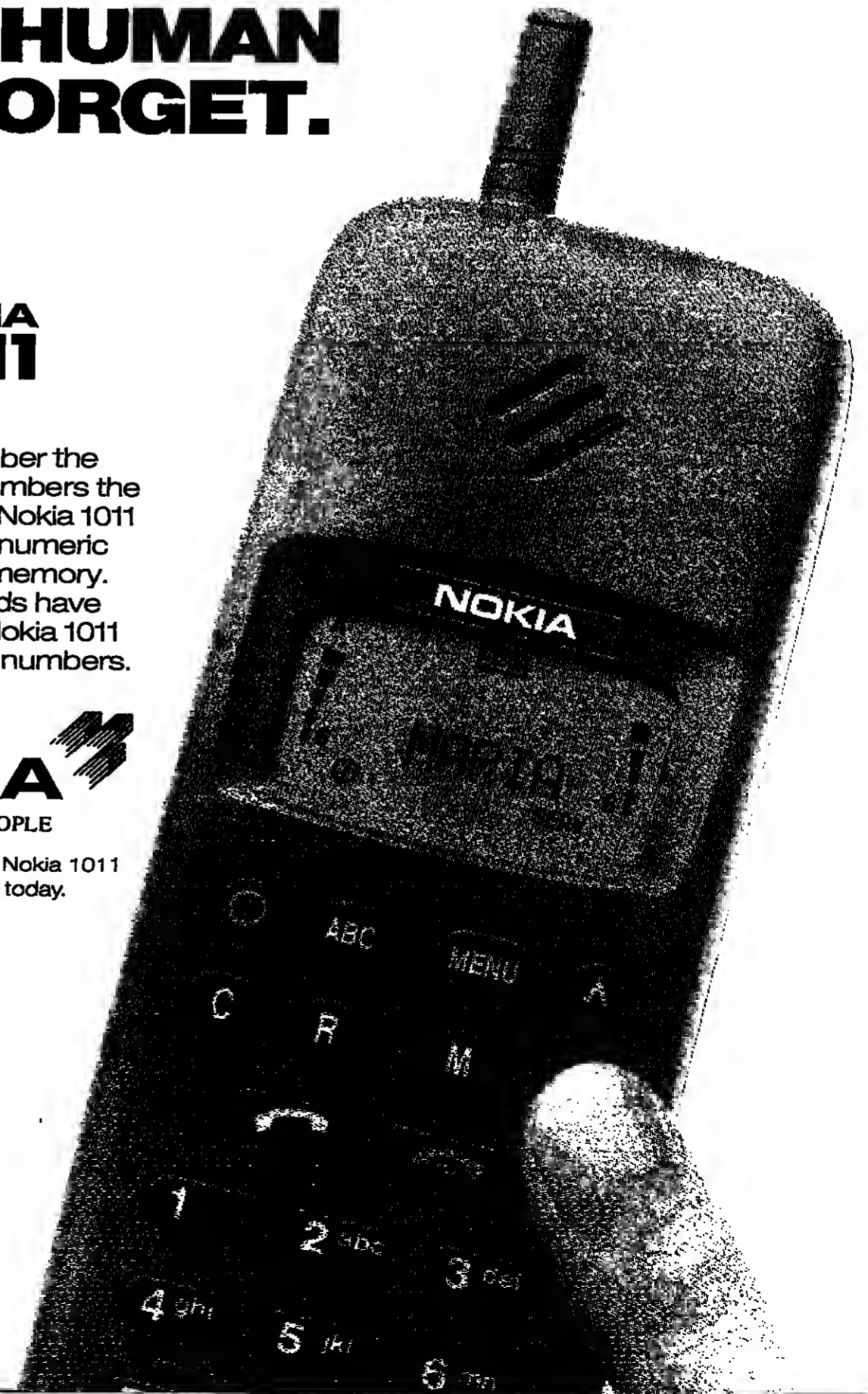
IT REMEMBERS BECAUSE IT IS HUMAN TO FORGET.

NOKIA 1011

You remember the names. It remembers the numbers. The Nokia 1011 has an alphanumeric 98-location memory. All your friends have names. The Nokia 1011 gives you their numbers.

NOKIA
CONNECTING PEOPLE

For more details on the Nokia 1011 call 0800 101 121 today.



NEWS: INTERNATIONAL

IOC team ready to award biggest prize

Lobbyists stalk the Olympics committee like exotic game, writes Keith Wheatley

MEMBERS of the International Olympic Committee know what it is to be hunted. In the lobbies and corridors of Monaco's five-star hotels they are stalked by representatives of bidding cities like rare and exotic game.

On the eve of the IOC's decision tonight on the choice of city for the 2000 Olympics, the chairman of one city's campaign yesterday described the IOC members as "in pursuit". The ballot of these 91 individuals will award a prize worth billions of dollars and immeasurable international prestige.

Even the appearance of a member such as Panama's Mr Virgilio de Leon, at 74 only one year from mandatory retirement, can signal the instant arrival of eight or nine eager Beijing publicists, piling in like a rugby scrum at a ruck. Cities such as Manchester or Sydney may be more discreet in their wooing but the thrust of effort is the same.

When Greg Norman won the Open golf championship, the

Sydney campaign quickly put signed photographs of the Australian golfer in the post to every IOC member known to enjoy 18 holes.

As a group the IOC is predominantly white, elderly, male and from the Old World. A total of 38 members are from Europe, only four of them women. Of these two are princesses, the Princess Royal from Britain and Princess Nora of Liechtenstein.

Other royal members include the Grand Duke of Luxembourg and Prince Albert of Monaco. Membership of the IOC is by invitation and then election by the full membership. At the Barcelona games 170 countries took part but fewer than half of these had nationals on the IOC.

It is often said to be the best and most exclusive club in the world. Members travel first class to their many meetings and conferences and stay free of charge in the world's best hotels.

Even 20 years ago it was very different. "When I first

became a member we paid all our own expenses and it was often difficult to afford to attend different events," said Prince Alexandre de Merode of Belgium, who has been the spearhead of the IOC's campaign against drug-taking.

The executive board, the powerhouse of the IOC, is headed by Mr Juan Antonio Samaranch, the retired Spanish diplomat, who is its president. His key lieutenants are businessmen.

Mr Richard Pound, 51, is a punchy Montreal lawyer and former Olympic swimmer. His marketing expertise and skilled negotiation of television rights have brought the IOC's finances from penury to assets of \$125m in the past decade.

Mr Kevan Gosper, an Australian oil executive, is another vice-president with a professional background. Ten years older than Mr Pound, he may have missed his chance to succeed Samaranch, but his egalitarian style has been crucial in

The Olympic runners and their form

FOR

- China becomes fully part of international community
- Vast marketing potential for sponsors

AGAINST

- Human rights record
- Renewed doubts about national stability post-Deng

FOR

- Strong capable organisation
- Symbol of a reunited Europe

AGAINST

- Poor city infrastructure
- Politically unstable with Kurdish nationalists referring to the city as "a war zone"

FOR

- British tradition within international sport
- Strong central government backing

AGAINST

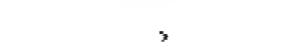
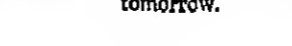
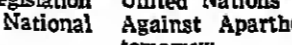
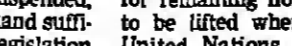
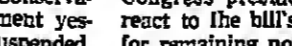
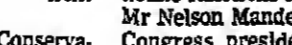
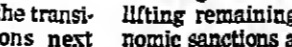
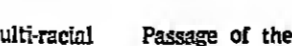
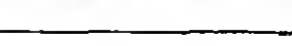
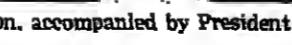
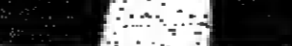
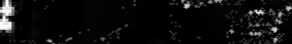
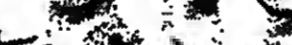
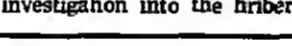
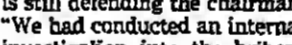
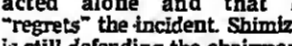
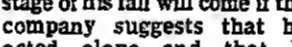
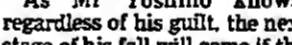
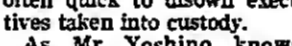
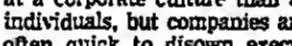
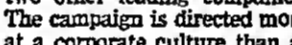
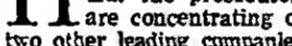
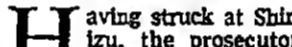
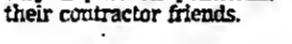
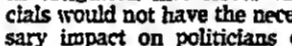
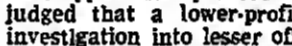
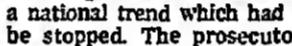
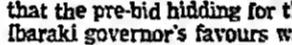
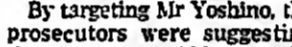
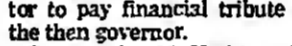
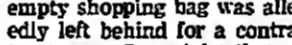
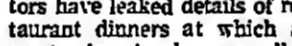
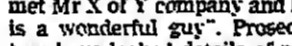
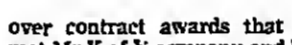
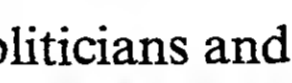
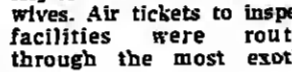
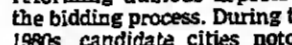
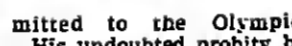
- Short on glamour
- Everybody's second choice

FOR

- Climate
- Excellent facilities

changing the IOC's approach to the world.

This meritocracy within an anachronistic elite is reinforced by the distinguished presence of Mr Keba Mbaye, a retired Senegalese judge and international jurist. Mr Justice Mbaye has enormous influence within the IOC and was pivotal in the process which led to South Africa being read-



Israelis urged to reach deal with Syrians

By Roger Matthews, Middle East Editor

PRESIDENT Hosni Mubarak of Egypt yesterday urged Israel to press ahead swiftly to secure a peace deal with Syria. After three hours of talks in Alexandria with President Hafez al-Assad of Syria, Mr Mubarak said such progress could be vital to keep up momentum for peace in the region.

The Egyptian leader said he took issue with Mr Yitzhak Rabin, Israel's prime minister, on the pace of negotiations. It was wrong, he said, just to concentrate on the outline agreement between Israel and the Palestine Liberation Organisation.

He warned that the complex deal between Israel and the PLO was at such an early stage that it would be a mistake to wait for it to produce results before pressing on with the rest of the peace process.

Mr Rabin was reported to have told Mr Mubarak at the weekend that he preferred to allow the Israeli public time to digest the contents of the agreement with the PLO before

seeking to clinch a deal with Syria. Mr Assad is demanding that Israel must hand back all of the Golan Heights, captured in the 1967 war, before he will agree to a peace treaty.

The Syrian leader said yesterday there had been no progress in the bilateral negotiations with Israel, although all points were open to debate. He has also made little effort to hide his anger at Mr Yasser Arafat, PLO chairman, for reneging on a promise to maintain a common Arab front in negotiations with Israel.

While Mr Assad has said he will not openly oppose the PLO deal, he will do nothing to check dissension within the Palestinian community. Arab diplomats said yesterday that future negotiations of the outline PLO-Israeli agreement would stand a substantially better chance of success if Syria understood that Israel was willing to return the Golan Heights.

The heated debate in the Israeli parliament continued yesterday on the terms of the Palestinian deal, with the final vote expected today.

Optimism over growth

Israel looks to peace dividend

By Julian Ozzanne in Jerusalem

MR Avraham Shochat, Israel's finance minister, predicts the Israeli economy will grow by 4 per cent a year over the next five years, but could expand considerably more if the economic dividends of peace come through.

In an interview with the Financial Times, Mr Shochat said latest government figures showed economic growth for 1993 at 4 per cent after last year's record growth of 6.9 per cent. The government, he said, had successfully tackled the twin problems of unemployment and inflation, with both expected to drop into single digits early next year.

Nearly 90,000 jobs will have been created by the end of the year, he said.

Mr Shochat, who took over the Finance Ministry after last year's Labour election victory, said the government was committed to rolling back further state intervention in the economy through continued privatisation and cuts in public borrowing through budget deficit reduction.

The sale of the country's government-owned banks, already under way, would be completed by early 1995, Mr Shochat said, earning the Treasury \$5bn (£3.26bn) which would cover the budget deficit and leave the money markets open to the private sector. Trade barriers would continue to be cut back as the Israeli economy was opened to greater foreign competition.

The government, he said, had been considerably helped, especially in its expanded infrastructure programme, by the \$10bn US loan guarantees.

Mr Aharon Foegel, the ministry's director general, was yesterday concluding negotiations with a consortium of New York banks led by Salomon Brothers on the second tranche for 1993, of \$1bn.

"If you take the reduction in unemployment, increase in industrial exports of 12 per cent, firm growth and good investment in industry, the performance of the economy is looking good," said Mr Shochat, who leaves Israel tomorrow to attend the World Bank and International Monetary Fund meetings in Washington.

He said economic performance could be even better if a comprehensive peace accord with Arab states was reached. In the short term, Israel's economy would benefit from the huge external aid package planned for the Gaza Strip and West Bank, particularly in the supply of construction materials. An immediate benefit to the economy would be a rise in tourists, now 2m a year.

In the longer term Israel could benefit from foreign investment, the relocation of headquarters of multinational companies to Israel, and trade with Arab states especially in Israeli exports such as irrigation equipment and electricity and communications goods. Mr Shochat said a team in the ministry was busy preparing to implement the economic aspects of the Israeli-Palestinian peace agreement. But he said it was important the Palestinians adopt a harmonised tax, excise and customs policy with Israel. "If there is no harmonisation of taxes and customs we will have to put restrictive controls at the border," Mr Shochat said.

Three Swedes set free by Iraqis after a year

By Hugh Carnegie in Stockholm

IRAQ yesterday unexpectedly freed three Swedes who were among at least 10 foreign nationals held in Iraqi jails for entering the country illegally.

The three were arrested on September 3 last year after straying across the border from Kuwait where they were working for Ericsson, the Swedish telecommunications company, on a contract for the Kuwaiti government to repair radio base stations. They were given seven-year jail terms.

Mr Carl Bildt, the Swedish prime minister, welcomed news of their release but declined any further comment. Officials refused to answer

questions on whether a deal had been struck with the government of President Saddam Hussein for the men's freedom.

Sweden has supplied three tranches of humanitarian aid to Iraq since the men were arrested. The latest, worth \$150m (£4m), was announced in June. But Sweden's only diplomatic presence in Baghdad since last September has been two officials working on the case of the Ericsson men.

The release of the three - Mr Stefan Wihlborg, Mr Leif Westberg and Mr Christer Stromgren - will raise hopes for the other foreigners held on similar charges, including three Britons. Ericsson said the three Swedes were treated well during their imprisonment.

Corporate bribe structure starts to crack

Robert Thomson on changed relations between Japan's politicians and contractors

WHEN a television microphone was rammed in his face and reporters pursued his black limousine down a Tokyo back street, Mr Teruo Yoshino, the patriarch of Japan's construction industry, must have sensed that he was falling from grace.

The end of courtesy in Japan means the beginning of trouble for accused politicians and executives, guilty or not, as associates and journalists are indicating that they no longer feel compelled to cultivate a

long-term friendship. By arresting the venerable Mr Yoshino, 75, head of the Japan Federation of Construction Contractors and chairman of Shimizu, the country's leading construction company, the prosecutors' office is attempting to alter the terms of a most important friendship, that between the politician and the contractor.

Mr Yoshino, taken into custody on Monday, and two other Shimizu executives arrested yesterday - Mr Hirokazu Koyama, a vice-chairman, and Mr Akikazu Matsumoto, a managing director - are claimed to have given ¥10m (\$63,000) to Mr Fujio Takeuchi, former governor of Ibaraki prefecture north of Tokyo. This was in the alleged hope that their company would win a share of a planned prefectural complex and medical university.

Before a rush of arrests over the past year, most Japanese were aware that politicians and contractors had stitched together unsavoury deals. Politicians provided the projects and the construction companies ensured their local member had cash to cope with an expensive election campaign.

But the prosecutors' office was surprised by the depth of

personal corruption uncovered during investigations. Tolerance of illegal links was based on an understanding that, a few banquets aside, most contractors' money went not into political fighting funds and not into personal bank accounts.

Not that Mr Yoshino was guilty of excess, nor necessary

US criticism of Japan's construction market has been aimed at the collusion embodied in *dango*, the cartels which traditionally organised the outcome of contract awards. But the 18 arrests arising from alleged corruption in prefectures north of Tokyo can be traced to the breakdown of

over contract awards that "I met Mr X of Y company and he is a wonderful guy". Prosecutors have leaked details of restaurant dinners at which an empty shopping bag was allegedly left behind for a contractor to pay financial tribute to the then governor.

By targeting Mr Yoshino, the prosecutors were suggesting that the pre-bid bidding for the Ibaraki governor's favours was a national trend which had to be stopped. The prosecutors judged that a lower-profile investigation into lesser officials would not have the necessary impact on politicians or their contractor friends.

Having struck at Shimizu, the prosecutors are concentrating on two other leading companies. The campaign is directed more at a corporate culture than at individuals, but companies are often quick to disown executives taken into custody.

As Mr Yoshino knows, regardless of his guilt, the next stage of his fall will come if the company suggests that he acted alone and that it "regrets" the incident. Shimizu is still defending the chairman: "We had conducted an internal investigation into the bribery

allegations and we cannot believe that they are true."

Industry specialists said Shimizu, which receives just under a fifth of its total orders from the public sector, could miss out on contracts worth as much as ¥100bn. However, that figure does not include potential losses from private clients now unwilling to hire the company.

The arrest of the Shimizu executives puts added pressure on the Construction Ministry to devise a bidding process for public works projects that gives value for money and ensures fairer competition. US officials want an end to a system in which bidders are designated by government officials, who are supposed to use technical competence, safety records and financial health, not conviviality, as their guide.

The Construction Ministry says the designated system ensures that only qualified companies compete for projects, but it has never made clear how companies are assessed, making the system prone to abuse. If the prosecutors have their way, the ministry will be more open about the designation process and less open to overtures from politicians.

Most Japanese were aware that the politicians and contractors had been stitching together unsavoury deals

ily of anything else, though the Construction Ministry has already suspended Shimizu from bidding for public works contracts for four months. "I would never do anything as silly as attempt to bribe someone," insisted Mr Yoshino shortly before his detention.

Wedge between two investigators. Mr Yoshino, without the dignity of a tie, was driven to the Tokyo Detention Centre and took with him the reputation of Japan's construction industry, allegedly corrupt in its collusion and competition to win contracts.

industry collusion and the outbreak of fierce competition.

Leading contractors admit to courting Mr Takeuchi, who resigned as Ibaraki's governor after having been charged with receiving ¥50m in bribes. Mr Yoshino, who went to the same high school as Mr Takeuchi, says he visited Ibaraki after learning that executives from rival companies had done the same in the hope of winning contracts.

The executives were right to respect the influence of Mr Takeuchi, who is said to have informed officials presiding

Pakistan to seek \$2.6bn from donors

By Farhan Bokhari in Islamabad

MR Babar Ali, Pakistan's finance minister, is due to meet representatives of donor countries in Washington on Monday to seek up to \$2.6bn (£1.7bn) in fresh commitments.

The meeting is a substitute for this year's annual aid-to-Pakistan consortium meeting which was originally scheduled to be held in Paris. That meeting had to be cancelled twice because of the country's political upheavals. A general election is due on October 6.

In recent months some Pakistani officials have been worried that a request by a short-term unelected government would be to Islamabad's disadvantage. "Donors may question whether policies will remain intact after the October elections when a new government comes to office," said one.

However, recent economic reforms by the government of Mr Moen Qureshi, the interim prime minister, have largely been welcomed by donors, western economists in Islamabad say. Among the reforms are government commitments to reduce a chronic budgetary deficit, increase spending on the social sector and reduce tariffs over the next four years.

Mr Qureshi has also said recently that he had received assurances from Mr Nawaz Sharif and Ms Benazir Bhutto, the two main prime ministerial contenders, that his government's policies will not be reversed. In addition, the IMF has agreed to provide up to \$377m in standby credits, under a recently negotiated deal. That move is expected to strengthen Pakistan's case with its donors, officials add.



Mr Yasser Arafat, chairman of the Palestine Liberation Organisation, accompanied by President Jiang Zemin of China, reviews a guard of honour in Beijing at the start of a three-day visit

SA parliament to vote on transitional body today

By Patti Waldmeir in Johannesburg

SOUTH AFRICA'S parliament is due to vote today on legislation to end exclusive white rule, against a background of mounting political violence including two massacres on Tuesday night which left at least 30 blacks dead.

Parliament is expected to approve the Transitional Executive Council

bill, which will set up a multi-racial advisory council to oversee the transition to democratic elections next April.

MPs from the ultra-right Conservative party disrupted parliament yesterday, and several were suspended, but the party does not command sufficient votes to block the legislation unless MPs of the ruling National party rebel.

Passage of the bill is the key to lifting remaining international economic sanctions against South Africa. Mr Nelson Mandela, African National Congress president, is expected to react to the bill's passage by calling for remaining non-military sanctions to be lifted when he addresses the United Nations Special Committee Against Apartheid in New York tomorrow.

Mr Mandela, President F.W. de Klerk and other black and white leaders are launching a drive in the US to attract business and investment to South Africa.

Passage of the bill will not immediately bring the Transitional Executive into existence, however: the bill will not be promulgated - and thus will have no force - until agreement has been reached on a new constitution, a

process which could still take months. Tension remained high in the black townships of Thokoza and Katlehong, where most of those killed in recent violence have died. Roads were barricaded and officials of the Inkatha Freedom Party were attacked by residents after one of the massacres on Tuesday when gunman shooting at random on a nearby highway killed 18 people.

Business in the fast lane



Life in the slow lane



Your business could go places fast in Sedgemoor in Somerset. Prime sites are available right now in our major, fully serviced business parks located along the A35 Motorway at junctions 22, 23 and 24.

And all this in an area of outstanding natural beauty where your life can move at a slower pace. For the facts call Mike French now on the number below. Alternatively, fax 0278 441078, or send the coupon or attach your business card to this ad.

0278 435300

Sedgemoor

The quality location with a natural edge

Mr Mike French, Economic Development Officer, Sedgemoor District Council, FREEPOST, Bridgwater, Somerset TA6 3BH.

Please send me the facts on Sedgemoor in Somerset

Name _____

Position _____

Company _____

Address _____

Postcode _____

Tel _____

Juggling with gelignite in farm trade forum

David Marsh and Lionel Barber on the risky search for a US-French compromise on Blair House

EFFORTS to find a compromise between the US and France over farm trade are fraught with even greater complexity and risk than last year's EC attempts to reverse Denmark's rejection of the Maastricht treaty.

Politicians said that solving the Danish puzzle was like "multi-dimensional chess". Finding a way out of the farm impasse is like chess and juggling with gelignite.

In the Maastricht negotiations the EC found a face-saving deal to meet Denmark's demand for exemptions from European union, without causing the entire treaty to be renegotiated.

In the bid to bridge the agricultural gap between Washington and Paris, US and EC officials face a still more arduous task.

They have to deliver an agreement which meets the US desire to avoid reopening the EC-US Blair House farm trade accord reached last November. But they must also fulfil the Paris government's aim of modifying the accord's undertaking for a 21 per cent cut in the volume of subsidised EC food exports over six years.

Unless the imbroglio can be solved, hopes for clinching a Uruguay Round accord by the December 15 deadline will crumble - bringing closer the prospect of an international trade war.

All participants in the negotiations realise that some of the chief protagonists' recent hard-line announcements, including the sparring this week in Brussels, involve a degree of posturing. The difficulty is knowing whether, and where, the US and French sides will show a willingness to make concessions.

One insider to the talks said a failure to conclude the Uruguay Round would undermine the multilateral trading system and prospects for sustained economic recovery and provide increased impetus to unilateral solutions of trade disputes, the International Monetary Fund warned yesterday. In its latest World Economic Outlook, the IMF said little progress has been made in dismantling managed trade arrangements.

Yesterday that statement on Tuesday by Mr Mickey Kantor, US trade representative, ruling out modifications to Blair House, was predictable. Mr Kantor, who meets Sir Leon Brittan, the EC's chief trade negotiator, in Washington on Monday, would not reveal his full hand until later, the official said.

"They're keeping it for the end-game," he added. "We don't know yet the French bottom line. We have a lot of teasing out to do."

On Monday night in Brussels, Sir Leon stated off French efforts to change his negotiating mandate with Mr Kantor. But this was at the expense of a row with Mr Alain Juppé, the French foreign minister, and rekindled French fears that the UK commissioner is a free-trader who is too close to the UK and US.

German officials spent much of Monday night's meeting trying to mediate between the French and their EC partners. But one German official yesterday voiced concerns that Sir

Leon's confrontation could affect French attitudes toward the final Gatt settlement, which requires unanimous approval by the EC.

"He [Sir Leon] was good," said one senior German official yesterday, "but maybe he was too good."

On the other hand, if Sir Leon can successfully promote a US-French deal the prospect - at present, rather thin - of pulling off his ambition to succeed Mr Jacques Delors as the next EC Commission president would improve dramatically.

The apparent gulf between US and French attitudes has been increased by intensely political considerations. The US seems fundamentally to mistrust the content of EC Common Agricultural Policy reforms, designed to cut prices and production during the 1990s.

And after France's monetary humiliation last month at the hands of the German Bundesbank and Anglo-Saxon "speculators", Mr Edouard Balladur, the French prime minister, badly wants to avoid the spectacle of a climb-down to US farming interests.

Experts believe there is the possibility, in some important technical areas, of adding to the Blair House agreement a series of points to meet France's desire to protect its interests.

For instance, the US could clarify whether EC food stocks should be considered part of the accord's export cuts, and could also agree a "peace clause" ruling out unilateral action against the EC's farm export regime.

Since the US already feels the EC got the better of the Blair House compromise, room for manoeuvre is constrained. The next few weeks will show whether there is enough left for all sides in the farm trade conundrum to declare themselves - however implausibly - the winners.



Balladur: thinking the unthinkable on farm trade? Trevor Humphries

US upset at Japan chip market share

By Michiyo Nakamoto in Tokyo

US semiconductor industry and trade officials yesterday expressed dismay at a fall in the foreign share of Japan's semiconductor market below the 20 per cent annual target level which Washington has laid so much store by.

"We are extremely concerned about this negative trend in the market share," Mr Mickey Kantor, US Trade Representative said.

His remarks came after the two governments released the foreign share of Japan's semiconductor market in the second quarter of this year. The US calculations showed a fall to 19.2 per cent.

The second-quarter figure represents a decline of 1 percentage point from the 20.3 per cent market share taken by US and other foreign companies in the fourth quarter of 1992 and follows a decline to 19.6 per cent in the first quarter of this year.

Japanese officials, however, use a different calculating

method which showed the foreign share to be at 21.6 per cent.

Mr Andrew A. Procassini, president of the US Semiconductor Industry Association, reacted to the results with strong words. "Japan's commitment to create a more open semiconductor market remains unfulfilled," Mr Procassini said.

Japanese officials, however, expressed satisfaction with the results which show that "access to the Japanese semiconductor market has improved," said Mr Hidehiko Yoshida, senior vice president of Toshiba and chairman of the Users Committee of Foreign Semiconductor of the Electronics Industry Association of Japan.

In the fourth quarter of 1992, the foreign share surged to 20.2 per cent from 15.9 per cent in the third quarter, leading US trade officials to hail the US-Japan semiconductor accord as a model which could be adopted in other sectors.

UK may earn £1bn in Malaysia deals

By Kieran Cooke in Kuala Lumpur

BRITISH COMPANIES are negotiating contracts worth up to £1bn (\$1.54bn) in Malaysia which could secure 25,000 jobs in the UK, Mr John Major announced yesterday.

Speaking in Kuala Lumpur before flying to Monte Carlo, the prime minister said British companies had won a number of multi-million pound projects, ranging from airport construction to bus manufacturing, and were involved in "potentially hundreds of millions of pounds worth of contracts".

During visits to Japan and Malaysia Mr Major had been unable to escape domestic political concerns, and it was with obvious relief that he was able to announce substantial overseas contracts for British companies.

● British Gas and Genting Sanyen of Malaysia are to build a 720MW power station under the country's electricity privatisation programme. The total cost of the project is put at £550m. British Gas will take a 20 per cent equity stake in the project.

● An Anglo-Japanese consortium made up of Trafalgar House, Balfour Beatty, Gammon, G-Mats (part of GEC) and

Marubeni of Japan have signed a memorandum of understanding for the development and project management of a new international airport for Kuala Lumpur.

The total cost of the project is put at M\$13.5bn (\$5.3bn). Those involved say British companies are well placed to win hundreds of millions of pounds worth of contracts for work on the airport.

Trafalgar House is also to invest about £13m in a steel fabrication plant in Malaysia.

● The engineering company John Brown, part of the Trafalgar House group, has won a £120m turnkey contract to build a 330MW power station on the outskirts of Kuala Lumpur.

John Brown is already involved in the construction of a 220MW power plant in the south of Malaysia.

● Dennis, the British heavy vehicle and bus manufacturer, is forming a joint venture to manufacture its vehicles in Malaysia.

Lord Prior, GEC chairman and head of a British trade delegation that accompanied Mr Major in Malaysia, said he felt the prime minister had underestimated the potential gain for British companies from the contracts.

US cigarette law attacked as illegal

By Frances Williams in Geneva

NEW US legislation requiring cigarette manufacturers to use no more than 25 per cent imported tobacco was yesterday strongly attacked by tobacco exporting nations in the General Agreement on Tariffs and Trade.

They claim that the provision, signed into law in August as part of the US Budget Reconciliation Act, violates Gatt rules forbidding countries to stipulate the local content of domestic production and will have a severe impact on tobacco exports to the American market.

The complaint was brought to yesterday's meeting of Gatt's governing council by Brazil on behalf of Colombia, El Salvador, Guatemala, Thailand, Venezuela and Zimbabwe, and was supported by

Chile, Argentina and Canada. The EC, the Association of South East Asian Nations (Asean) and Australia also expressed concern.

The US said it would hold formal consultations with its critics next week. This marks the first step in Gatt's formal dispute procedure, which could eventually lead to the establishment of an independent panel inquiry.

The law was inspired by Senator Wendell Ford, a Democrat who represents the tobacco growing state of Kentucky, as part of the horse-trading which allowed President Bill Clinton's budget plan to squeak through Congress.

Earlier yesterday the Gatt council agreed to set up a dispute panel to examine Chile's complaint over the EC's licensing and surveillance system for imported apples.

Airbus in talks over 25 aircraft for Libya

LIBYAN Arab Airlines is negotiating to buy 25 aircraft from Airbus Industrie, the European consortium, the official Libyan news agency Jana said yesterday. Reuters reports from Tunis.

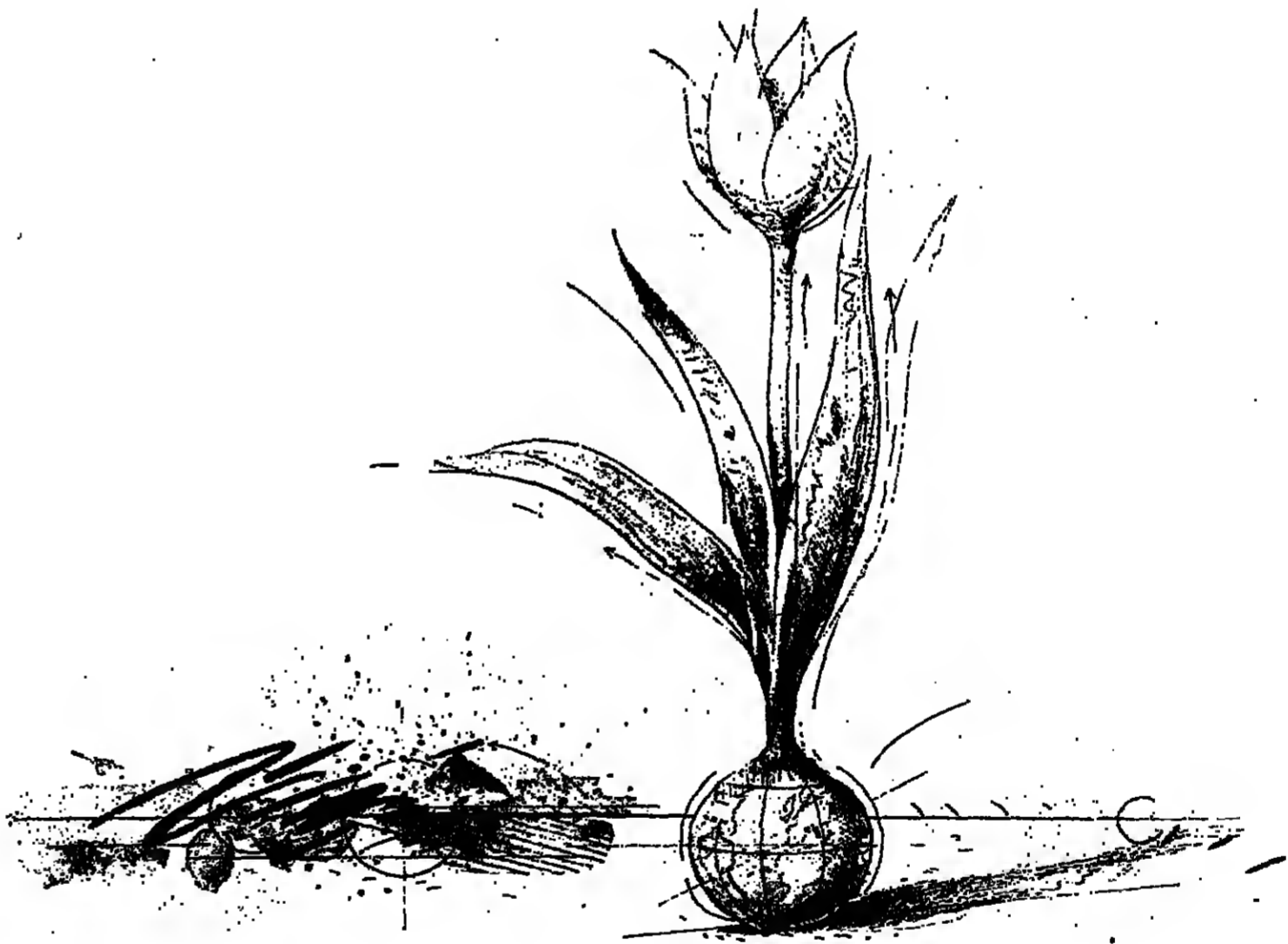
Representatives of the two companies, meeting in Tripoli for the second successive day, agreed on the types of aircraft and delivery dates, it said.

Airbus might also take part in what Jana called "a joint

investment programme to set up maintenance hangars, auxiliary workshops and flight simulators as a technical service centre for this type of aircraft in North Africa and the Middle East".

International flights to and from Libya have been banned by UN resolution since April last year following alleged Libyan involvement in the blowing up of a Pan Am jet over Lockerbie, Scotland, in 1988.

Many banks are returning to their roots.



Thank goodness there's one bank with its roots in the world.

Domestic problems and changing financial circumstances are causing many banks to re-evaluate their positions. And some are pruning their international networks and services to concentrate on so-called core-business.

For ABN AMRO Bank, the core-business is the customer. Even in difficult circumstances. And we are determined never to drift away from the creed which has been our successful guiding policy since our foundation in Holland, nearly two centuries ago: stay close to the customer, listen to his needs, and provide the very best banking solutions and facilities. With the present internationalisation, ABN AMRO Bank maintains that banks should guarantee their customers a working network. Under all circumstances.

For us that is not a matter of choice; it is an obligation. And it is an obligation which we are meeting. Demonstrably. We already have 1922

branches in 53 countries. And during 1993, we shall be opening 34 more. Including full-service branches in Prague, Budapest, Madras, and Shanghai. And representative offices in St. Petersburg, Kiev, and Ho Chi Minh City. All examples of our continuing policy of investing not only in branches, but also in quality and integration.

Our world-wide network and - in our view more importantly - international mentality, puts us firmly in the First Division of World Banks. Strengthening that position is only possible by listening to our clients. And by expanding to become the world's local bank.

CREATING THE STANDARD IN BANKING.

ABN-AMRO Bank

ARGENTINA, AUSTRIA, AUSTRALIA, BELGIUM, BRAZIL, BRITISH WEST INDIES, CANADA, CHANNEL ISLANDS, CHILE, CZECH REPUBLIC, DENMARK, ECUADOR, FRANCE, GERMANY, GIBRALTAR, GREAT BRITAIN, GREECE, HONG KONG, HUNGARY, INDIA, INDONESIA, IRELAND, ISLE OF MAN, ITALY, JAPAN, KENYA, KOREA, LEBANON, LUXEMBOURG, MALAYSIA, MEXICO, MONACO, MOROCCO, NETHERLANDS, NETHERLANDS ANTILLES, PAKISTAN, PANAMA, PARAGUAY, PEOPLE'S REPUBLIC OF CHINA, POLAND, PORTUGAL, RUSSIA, SAUDI ARABIA, SINGAPORE, SPAIN, SRI LANKA, SURINAME, SWEDEN, SWITZERLAND, TAIWAN, THAILAND, TURKEY, UNITED ARAB EMIRATES, UNITED STATES OF AMERICA, URUGUAY, VENEZUELA, VIETNAM, VIRGIN ISLANDS. HEAD OFFICE: POFFINGENDREEF 22, 1105 BX AMSTERDAM, THE NETHERLANDS. TELEPHONE (31-20) 629 93 93

NEWS: UK

Devaluation cuts UK's trade deficit

By Peter Marsh,
Economics Correspondent

IMPROVED competitiveness linked to sterling's devaluation pushed the UK's trade deficit with countries outside the European Community to its lowest level for nearly three years, government figures showed yesterday.

Non-EC exports last month rose to a record high in value terms, while the value of imports was the lowest since January.

The figures strengthen the probability that the trade deficit with the whole world for 1993 will be substantially lower than the £21bn estimated by the Treasury in its last official forecast in March. Last year the whole-world trade deficit was £13.4bn.

Monthly trade figures for the EC will not be available until later this year because of the introduction of a new statistical system. Non-EC trade accounts for about 40 per cent of all UK exports and imports.

The excess of UK imports over exports in August for non-EC nations came to a seasonally adjusted £570m, after £886m in July. The value of exports last month was £4.87bn, 1.5 per cent up on July, while imports fell 1 per cent on the month to £5.44bn.

In underlying volume terms, exports in the three months to the end of August rose 4 per cent on the previous three months. Over the same period, underlying import volumes were flat. These underlying measures strip out price move-

ments and also exclude trade in oil and erratic items such as ships, aircraft and gems.

The figures suggest the pound's downward movement since Britain left the exchange rate mechanism a year ago has aided exporters. It appears imports have been kept down by a combination of weak domestic demand and increased consumption of UK-made goods. Yesterday's Central Statistical Office data follow an improved trend for the trade deficit since the end of last year.

The UK continued to run a trade surplus with the US and Canada in August, as it has done for every month since March. The £12m surplus for trade with this part of the world in the three months to August was the highest since early 1989.

Net investment by institutions in UK gilts jumped sharply to £5.6bn in the second quarter of this year from £3.3bn in the first quarter, according to figures released by the Central Statistical Office.

Investment in overseas company securities dropped to below £2m during the period compared with £3.6bn in the first quarter, further reflecting a shift towards investment in the UK.

Net investment in UK company securities rose to £8.1bn from £5.6bn.

Mr Paul Walton, an analyst with James Capel, welcomed the figures as a long-term indication of recovery of the UK economy.



NEARLY READY: The opening of the Channel tunnel, scheduled for spring 1994, heralds a new competitive era for the ferry industry

Sally Line in ferry deal with RMT

By John Willman,
Public Policy Editor

IN THE latest move ahead of the opening of the Channel tunnel, Sally Line - the UK's third largest cross-channel ferry operator - yesterday announced a new partnership with Regie voor Maritiem Transport (RMT), the Belgian operator.

The partnership, formed in preparation for the tunnel's scheduled opening in spring 1994, will concentrate ferry crossings to Oostende in Belgium at the port of Ramsgate, on the Kent coast. Sailings between Dover and Oostende, which have been operated for the past seven years under a partnership between RMT and P&O Ferries, will end.

P&O Ferries and Stena Sealink, the two largest operators, have concentrated their efforts on establishing shuttle services between Dover and Calais, the shortest channel crossing.

Dockers find fortune after takeover

THE DOCKERS at the port of Sheerness were eerily quiet yesterday evening, writes Stewart Dalby. Everyone was in the canteen, hanging on every word of Mr Peter Vincent, chief executive of Medway Ports.

The company had been taken over by the Mersey Docks and Harbour Company. Some 300 full-time employees of Medway stood to make a killing as shareholders. When the Medway ports were privatised eighteen months ago around

270,000 shares were distributed. A further 730,000 shares were offered to employees at £1 each. However they are now worth £38 each.

As Mr Vincent, £12m richer himself, gave details of the takeover, broad smiles seemed strong enough to disperse the rain clouds. As the employees streamed out, few seemed inclined to resume work. The mood amongst nearly 300 men made redundant last year was less buoyant.

Details of takeover Pg 23

Both plan to offer 25 sailings a day in each direction, to compete with the train shuttles running through the tunnel.

The Scandinavian-owned Sally Line operates two passenger ferries and one freight ferry between Ramsgate and Dunkerque in northern France.

It also operates a freight-only service between Ramsgate and Oostende with two ships.

RMT currently operates three ferries and two jetties between Oostende and Dover. Under a five-year agreement to run from January 1 1994, the RMT service will be merged

Britain in brief



BBC launches TV service for Japan

Mr John Major has praised a £150m deal between BBC World Service Television and Nissho Iwai, the Japanese trading group.

The prime minister said: "From next spring, Japanese viewers will be able to experience for themselves the excellence of BBC programmes specifically tailored to their own interests."

He was speaking at a reception in Tokyo to announce formally that BBC World Service Television would be launching its 24-hour news and information channel in English next year. There will be a separate Japanese translation broadcast from London for four hours each evening. The English and Japanese audio will be transmitted in stereo so that viewers can choose how much of each language to hear.

Lo Japan, the service will compete with Mr Ted Turner's Cable News Network.

The deal increases the reach of World Service Television, which is available on the Star satellite system in Asia, broadcasting to 34 countries. The service is also available in Europe, Africa and on cable television networks in Canada. The BBC said it was in discussions with prospective partners in the US, South America, Australia and New Zealand.

Vauxhall, Ford cut production

Ford and Vauxhall are to cut production sharply at their Halewood and Luton car plants next month under the impact of the continuing steep decline in new car sales in continental Europe. The news follows an announcement earlier this week that Nissan is being forced to halve production at its Sunderland plant during November and December.

Construction upturn patchy

The patchiness of the upturn in the construction industry was underlined by official figures showing that total orders are rising, but revealing big differences in the performance of different sectors.

Provisional figures from the Department of the Environment showed orders rose 9 per cent to nearly £4bn in the three months from May to July, compared with the same months of 1992. Orders were still 5 per cent lower than for the previous three months of 1993. The statistics are based on constant 1985 prices, seasonally adjusted.

The best-performing sector in the latest three months was private commercial building, where orders were up 27 per cent on the previous three months and 20 per cent higher than in the corresponding period a year ago.

Students face funds squeeze

Mr John Patten, education secretary, has given a strong signal that the government is seriously considering raising extra funds for universities from students.

"No options are ruled out," he told a committee of vice-chancellors and principals, adding that taxpayers benefited from higher education in a "less direct and tangible way" than graduates. The committee has commissioned a report into extra funding.

Major TV decision

Divided ministerial opinion means Mr John Major will have to decide whether independent television (ITV) ownership should be changed to allow the nine largest companies to take each other. The nine largest ITV companies are banned from taking each other over by law. A change could have a dramatic effect on the share price of companies such as London Weekend Television, Anglia and Central, which could become bid targets. The decision will be taken in the autumn.

QVC moves in

Part of Marco Polo House, a prominent building in London's Battersea, and the former headquarters of British Sky Broadcasting, has been let to QVC, a US home shopping television organisation. The BSB section of the 90,000 sq ft building was vacated shortly after the company merged with Sky Television in 1990.

Smartcard for London buses

London Transport plans to invest £22m in a smartcard ticketing system which could preserve Travelcards after the deregulation of London bus services. The cards will enable passengers to use buses operated by different companies by inserting them in a machine on the bus. The machine will produce passenger figures to divide the revenue.

Times keeps new readers

The Times national newspaper is continuing to hold a circulation increase of more than 30 per cent nearly three weeks after the paper cut its weekday cover price by 15p to 50p.

Official sales figures for the first week of the cut shows an average of 461,000. The average figure for August was 364,280. Wholesalers agree that the main loser has been The Daily Telegraph - according to some it was down as much as 4 per cent. The broadsheet market as a whole is estimated to have risen by just over 1 per cent.

Law on wills faces reform

The Law Commission, the government's law reform advisory body, called yesterday for a change in the law governing the effect of divorce on wills.

In Britain, when a couple marry, any previous will made by either of them is automatically revoked, if they get divorced, however, this does not happen. The law tries to cut the former spouse out of the will by providing that any gift to him or her should "lapse". The commission says this causes confusion and if the testator dies without altering their will and does not subsequently remarry, problems can arise which defeat their intentions.

Milk prices to be set by auction

By Deborah Hargreaves

MR ANDREW Dare, chief executive of Milk Marque, said yesterday he will hold an annual auction for supplies as a way of setting prices when the £53bn milk market is liberalised next April.

His proposals for a "rolling" auction are the first indication of how dairy pricing will work in the new free market.

Mr Dare has been widely criticised in the dairy industry for promising higher prices to farmers following the abolition of the Milk Marketing Board, the government's compulsory purchasing scheme.

Milk Marque, successor to the board, which is being set up as a voluntary co-operative, says an auction will allow the free market to determine milk prices. But since the UK produces only 85 per cent of its own needs, pressure on supplies is likely to push prices up. Consumers could end up paying up to 8 pence more for their pints if dairy companies pass these higher prices on.

Milk prices are currently set by a committee of board and dairy industry representatives with a rationing system in place to ensure that fresh supplies receive priority.

Dairy companies which want to buy their supplies from Milk Marque next year rather than directly from farmers, will be asked to indicate how much milk they want to buy over which period and at what price.

Once Milk Marque has received the bids it will evaluate all the information over two weeks before it allocates a market price for each contract type - the contract will cover delivery patterns.

Prices could be squeezed upwards if there is strong demand or customers could see their demands scaled back. If any milk is left after all allocations have been made, it will be sold at lower prices or on the spot market.

Dairy companies which have signed up farmers to supply directly are offering to pay them a premium over the Milk Marque price.

Northern Foods said it has already met its yearly requirements for 2bn litres of milk by signing up 3,100 farmers to provide its offshoot Northern Milk Partnership. This represents nearly 11 per cent of UK producers.

Other dairies want to buy directly, but Milk Marque is hoping to gain 80 per cent of farmers.

Swan Hunter workers awarded compensation

By Chris Tighe

TRADES UNIONS representing more than 700 workers made redundant by Tyneside shipbuilder Swan Hunter since it went into receivership in May have won their members compensation totalling around £15m.

An industrial tribunal judgment announced yesterday ruled that receivers Price Waterhouse breached section 188 of the 1992 Trades Union Labour Relations (Consolidation) Act by not holding consultation on the redundancies.

The tribunal panel ruled that the 90 days from May 23, when the first wave of 220 redundancies took effect, should be a protected period, entitling those who lost their jobs from that date to compensation of up to 90 days pay. The six shipyard unions involved said the decision established the principle that workers' rights could not be waived in consequence of receivership.

The payments, which will come from the state redundancy fund because the company is in receivership, will be up to a maximum of about £2,800 a head, since the ceiling is pegged at £205 per week.

Smith to appeal for backing on reform

By David Owen

MR JOHN SMITH, opposition Labour party leader, will next week raise the stakes in his battle to democratise the party's selection of parliamentary candidates by making a personal appeal to delegates at the party's annual conference to back his plans.

In a highly unusual move, he will open next Wednesday's crucial debate on the proposed reforms less than 24 hours after his set-piece address.

The decision underlines the degree to which Mr Smith's personal authority is riding on

the party's acceptance of the proposals, which are opposed by some large Labour-affiliated unions.

The outcome of next week's vote looks too close to call. The issue is set to dominate the conference to Brighton. Mr Smith's plan, watered down to overcome union resistance, is for candidates to be elected by constituency members on the basis of one-member-one-vote.

The unions would lose their right to influence selection, but union members would be able to vote as individuals by paying a reduced party membership fee.

Porsche seeks Daewoo deal for Korean imports

By John Griffiths

PORSCHE'S wholly-owned UK importer hopes to conclude by the end of the year a deal under which it will import and distribute South Korean-built Daewoo cars.

Daewoo, Korea's third largest carmaker after Hyundai and Kia, wants to establish a market presence within the UK by 1995.

It has been negotiating for several months with Porsche Cars Great Britain. The latter is being encouraged by its parent company in Stuttgart to broaden its business base following the considerable shrinkage of the luxury sports car business which has taken place since the boom years of the late 1980s.

The company, which has headquarters in Reading, Berkshire, west of London, is also signing import agreements with a number of Continental-based Porsche accessory manufacturers.

But its managing director, Mr Kevin Gaskell, yesterday dismissed reports it planned also to become a motor cycle importer.

"There is only one brand of motor cycle we would have been interested in, and that is

already being well taken care of in the UK by its manufacturer", said Mr Gaskell in a clear reference to BMW.

In sharp contrast to Porsche, Daewoo is currently a producer of family cars and minicars.

Until recently, it relied heavily on producing Opel Kadett-based cars bearing the General Motors' Pontiac LeMans badge for sale in North America.

However, it ended this joint venture relationship last year in order to make and sell its own cars globally.

Daewoo currently makes around 750,000 vehicles a year but has plans to invest \$3.5bn in order to triple output to 2.2m a year by the end of the decade - 1m of those sales a year outside of Korea.

Marketing restrictions agreed with GM are due to expire next year, after which Daewoo is free to implement plans to expand into the US and Europe.

Mr Gaskell made clear that the Porsche and Daewoo businesses would be run entirely separately. Import and distribution activities would be carried out at separate centres and there would be no provision for Porsche dealers to sell Daewoo.

INVITATION TO BID

For the Purchase of a Major Equity Interest in
The Egyptian Vineyards Company
in Alexandria, Egypt

As part of the privatization program of Egypt, the Housing, Tourism, and Cinema Company, a state-owned Egyptian joint stock Holding Company, offers for sale a majority interest (at least 60%) of its wholly owned affiliate the Egyptian Vineyards Company to any one or group of investors (consortium).

The Company

The Egyptian Vineyards Company owns about 5000 acres of agriculture land in the Gianacils sector in Abou El Matamir Country at Al-Behira Governorate. The Company produces grapes, natural and industrial wines and spirits, dried fruits (such as raisins, guava, apricots), pickled olives (Green and Black), olive oil, pressed Dates (with and without pit), and carbonated grape juice. The company has four plants located in Gianacils and Alexandria and two production facilities in Matrouh and all are properly licensed. Total sales for 1992 amounted to about 40 million Egyptian Pounds (approximately US\$ 12 million).

The Transaction

The Holding Company is offering to sell 180,000 (One hundred eighty thousand) shares, of the 300,000 (Three hundred thousand) total shares outstanding of Egyptian Vineyards Co. owned by the Holding Company.

Bid Procedures

Interested parties in the purchase of the Egyptian Vineyards Company's shares should obtain the Tender Documents which include an information memorandum prepared by a major international firm (covering the company's financial, technical, commercial and administrative aspects), and general terms and conditions of sale, against the payment of U.S.\$1000 or L.E. 3500 from Bank of Alexandria (the Financial Advisor).

Bidders should submit their bids in a sealed envelope to Bank of Alexandria at the following address no later than 12:00 noon on Thursday, October, 14th, 1993.

Financial Advisor to the owner
Bank of Alexandria

Chairman's Office

49, Kasr El-Nil Street, Cairo, Egypt.
Telephone: (202) 391 9686 - Fax: (202) 390 7793

Technical Advisor to Bank of Alexandria
KPMG - Hazem Hassan

INVITATION TO BID

For the Purchase of the White Goods Factory
Owned By El - Nasr Company
for Electrical and Electronic Apparatus

As part of the Egyptian privatization program, El-Nasr Company for Electrical and Electronic Apparatus offers for sale the White Goods Factory at Borg Al Arab.

The Company

El - Nasr Company for Electrical and Electronic Apparatus is an Egyptian Joint Stock Company subject to its statutes as issued by the Prime Minister's Decree No. 17 of 1980 and its amendments. The Government of Egypt holds 50% of El-Nasr Company's shares, while the Dutch Company "Philips" Orient B.V. holds the remaining 50% of the Company's shares. The Company produces, through various factories electrical and electronic apparatus.

The Factory Offered for Sale

The Factory, located about 60 Km South West of Alexandria at Borg Al Arab, produces refrigerators and washing machines presently under the trade mark "Philips" which expires upon sale. The Factory enjoys a tax holiday until the year 2001.

According to a recent study performed by an international specialized firm, the total assets at December 31, 1992 amounted to about LE43 million. (Prevailing Exchange rate: US\$1 = LE 3.34).

Bid Procedures

Interested parties in the purchase of the factory should obtain the Tender Documents that include an information memorandum (covering the factory's facilities and production capabilities) prepared by an international specialized firm, and the Terms and Conditions of Sale, against the payment of U.S.\$ 1000 or LE 3500 from Bank of Alexandria the Financial Advisor appointed by the owner for this transaction. Bidders should submit their bids in a sealed envelope to Bank of Alexandria at the address mentioned below no later than 12:00 noon, Thursday, October, 14th, 1993.

Financial Advisor to the owner
Bank of Alexandria

Chairman's Office

49, Kasr El-Nil Street, Cairo, Egypt.
Telephone: (202) 391 9686 - Fax: (202) 390 7793

Technical Advisor to
Bank of Alexandria
KPMG - Hazem Hassan

MANAGEMENT: MARKETING AND ADVERTISING

The new head of English National Opera tells Lucy Kellaway of his plans to boost attendance

Time to sing a new song

In the shop next door to the London Coliseum, T-shirts bearing the slogan Everyone Needs Opera have been reduced to £7.99. Posters advertising last season's more obscure operas have been slashed to 50p.

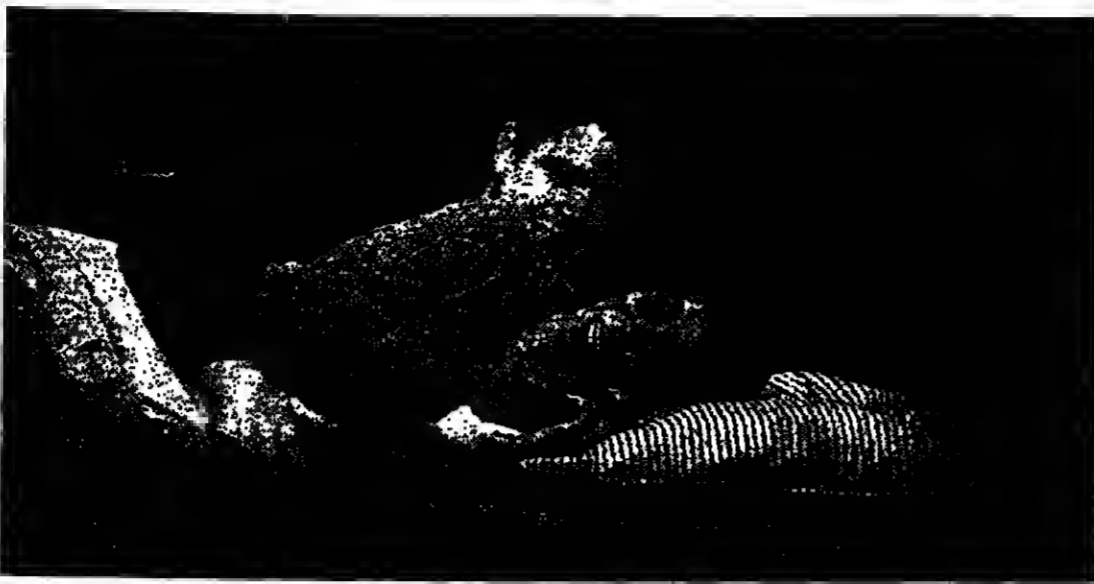
The giddy days are over when clever branding brought the world and its wife to see far-out productions at the English National Opera. The market has changed, the management has changed and the strategy has changed.

Dennis Marks, ENO's new general director, sits in his poky office under the roof of London's second opera house humming one of the arias in La Bohème under his breath. That opera, which opened last week, is the most popular ever written. And with it, ENO is trying to re-establish itself as Britain's most popular opera company.

"Accessibility," Marks says emphatically. "That one word is at the centre of everything we are trying to do. We are trying to take musical theatre to the widest number of people regardless of their capacity to pay."

In marketing terms, it is a tall order. Getting people to go to the opera when they are fighting to pay the mortgage is not easy. ENO has been successful in branding itself in the 1980s; the challenge for the 1990s is to capitalise on the brand name with more direct ways of getting bottoms on seats.

The racy advertisements featuring bare-chested stage hands and sopranos in negligees have won awards and done their job, says Marks, while the ENO corporate



La Bohème, the most popular opera ever written, opened at ENO last week. With it, the company hopes to revive its fortunes

logo is in the Museum of Modern Art in New York. Less successful has been the recent Everyone Needs Opera slogan, which Marks has decided to withdraw.

"One day I walked out of Leicester Square tube and saw someone in a sleeping bag under one of the Everybody Needs Opera posters. It exposed the company as being underneath of what was going on around it."

Marks has no plans for finding a replacement for the unhappy slogan, arguing that people know that ENO exists. To remind them again

would be a waste of money. "What we must do is to cross the gap between perception and getting people in."

Like most other theatres, ENO's subscriptions have fallen in the recession, as have advance bookings. Instead, people buy tickets on the day - or don't, depending on how rich they feel. This has had a serious effect on the company's profits - each annual percentage point fall from the capacity audience cuts profits by £100,000 a year.

Falling audiences have led to a

deficit of more than £2m. Unless the tide is turned, ENO will have no chance of meeting this year's budget.

To fight back, the company has just installed a state-of-the-art computerised ticket system which allows it to keep tabs on everyone who has ever been to the Coliseum. "We know what sort of buyer you are, what you have been to see," says Marks. The aim is for the right kind of publicity to reach the right kind of customer.

ENO has rolled its public relations, development and press

departments into a single unit, which is devising tactics for talking to the audience more directly. It has relaunched its subscription scheme and is trying to lure the audience back to booking in advance. It has tried to find out why its numbers have fallen, and is targeting sectors of the possible audience - such as people living outside London - that have been staying at home in droves.

The company is also trying to market itself better, to sponsors - which are being expected to make up the shortfall left by the dwindling grant from the Arts Council. ENO recognises that it will never get much of the corporate entertainment market with its tatty opera house. Instead, it is concentrating efforts on companies in complementary lines of business.

"The kind of work ENO does is something that is attractive to companies that are interested in development," says Marks. ENO was recently given money by management consultancy KPMG as part of its "future positive" campaign.

But whether the new team can bring it off depends on the operas themselves. "We have to be like the car in the Volkswagen advertisement - we have to be the brilliant fast one, but also the reliable one. What we are is a company people can go to as they go to a cinema."

Depending on which metaphor you prefer, La Bohème is either the opera equivalent of the reliable car or of Jurassic Park. Unfortunately, the critics verdict so far is that the gear changes were too obvious and the special effects wanting.

More than just small beer

Microbreweries have transformed US bars, says Victoria Griffith

Connoisseurs of beer say that 10 years ago a visit to an American bar was a dull experience. The choice was limited and beers were almost indistinguishable in taste from each other.

However, the past decade has seen a revolution in American beer-drinking habits. These days, bars and supermarkets are often stocked with dozens of US brands, many put out by small, local breweries which aim to create uniquely flavoured products. Choice has widened substantially. Once, US brewers produced almost nothing but lager. Today, small producers have loaded shelves with dark beers, ales and such esoteric tips as "raspberry wheat beer".

Microbreweries, as these small, beer makers are called, have attracted a loyal following on the west coast and in the north-east of the US and the trend is starting to gain momentum in other regions. Small brewers were almost nonexistent in the early 1980s. Today, there are almost 400 scattered throughout the country. The marketing strategy of the big US brewers has traditionally been to offer a good-quality beer with as wide a taste-appeal as possible.

But critics claim this strategy has produced bland-tasting brews. "The microbrewers have done well because they found a market niche the large brewers had ignored for a long time - Americans who enjoy a distinctive-tasting beer," says Irene Firman, general manager of the Full Sail Brewery in Oregon.

Microbreweries in the US still account for a tiny portion of total market share - slightly more than 1 per cent, according to William Owens, publisher of Beer, The Magazine. Still, their rising success, which has occurred in the absence of any mass-marketing campaign, has been impressive enough to make even the large breweries sit up and take notice.

To fight back, many larger brewers have now started to produce their own distinctive-tasting brands. "The specialty beer market is growing by leaps and bounds," says Ruben Valdivia of Coors Brewing Company, a leading US beer maker which now counts its strong-flavoured Kill-

don's Irish Red among its most successful brands. "I think the microbreweries have a lot to do with that. They have helped educate the American palate."

Taste is just part of the equation, though. Even the biggest fans admit that microbreweries do not always produce the perfect brew. Small brewers appeal to consumers for other reasons as well. "There is a certain amount of local pride behind interest in the microbreweries," says Nicholas Godfrey, marketing director of the Mass Bay Brewing Company in Boston. "People like to drink a beer that they know was made around the corner."

To capitalise on local loyalties, many microbrewers also run bars, dubbed "brew-pubs", where customers can drink a product made on the premises. In Boston, the John Harvard Brew House and the Commonwealth Brewing Company have both been attracting constant flows of beer drinkers since they opened a year ago.

Microbrewers can add humour to the market - for instance, the "Alimony" brand, advertised as the "bitterest beer in the world". They also offer variety. Lind Brewery of San Francisco markets a wheat beer in the summer, switches to an "Oktoberfest" brand for the autumn and then starts churning out a Christmas Ale for the holiday season.

This type of marketing technique is starting to influence the large brewers, which say they are planning seasonal launches. Another trend boosting the microbrewing industry is the growing number of specialty beer magazines on the market. "Magazines have been part of the exposure," said Roger Lind, president of Lind Brewery. "They stimulate interest by running taste contests, explaining the history of beer-making, and keeping track of what is new on the market."

While they may still be a small force in the overall market, microbreweries are making their influence felt. American beer connoisseurs say they are grateful. "This is the way it should be," said Alan Rames, a beer "anthropologist" based in Boston. "A trip to the local bar is no longer a boring experience."

Diane Summers

Who reads what and why

As an FT reader, you are likely to be an Adrian Amex, a Gordon Goller or possibly a Terence and Tara Tennis. What you are least likely to be is a Cheryl Clubber or a Basil or Betty British.

The characters are the creation of CIA, the independent advertising media buyer, drawn from information that 25,000 UK adults supplied about themselves. The technique used - known in market survey jargon as "psychographic mapping" - is the latest attempt to build on the old A-E socio-economic classifications.

Jan Rogers, CIA UK managing director, says the exercise has revealed that surprisingly diverse kinds of readers buy the same daily newspapers for different reasons.

Further exploration of the characters should enable them to target their clients' advertising money more effectively.

Here is CIA's full cast list.

● Terry Torremolinos, 6.6 per cent of the population, C2D, single, under 35 and an early school-leaver. Terry enjoys a night at the pub, hates gardening, plays football and rarely sits down to a meal. He reads The Daily Record, Daily Star, Sun or Today.

● Cheryl Clubber, 7.7 per cent of the population, C2D, 15-24, still studying if single but likely to finish education at 16; if married, likely to have children under four.

On holiday, she likes to eat, drink and be in the sun. She enters competitions on packets and in magazines and buys new brands to see what they are like. She reads the Daily Star, Sun, Daily Mirror.

● Carol Kitchen, 7.8 per cent of the population, D5, 35-54, finished education at 15. Carol is married with children aged five-15 and either does not go out to work, or works part time. She prefers holidays in Britain and reads papers for entertainment, not news. She reads the Daily Record, Daily Mirror.

● Basil and Betty British, 16.3 per cent of population, 55-plus, C2D. Left school 14-15, not working. Basil and Betty think there is too much concern about the environment. They read the Daily Mirror, Daily Star.

● Adrian Amex, 9.3 per cent of the population, 35-54, AB. He is married, works full-time and is educated beyond the age of 15. Adrian reads the financial pages, enjoys entertaining people at home, owns stocks and shares, and made more than five business flights in the past year. He reads the FT, Independent, Times, Daily Telegraph, Guardian, or Daily Mail.

● Gordon Goller, 8.2 per cent of the population, 45-plus, AB. He is married, is working full-time or has recently retired and left education at 17-18. Gordon enjoys his garden, relies on newspapers to keep himself informed, and has a personal equity plan. He reads the FT, Times, Daily Telegraph, Daily Mail, Daily Express or Today.

● Terence and Tara Tennis, 13 per cent of the population, aged 15-24, ABC1, they are single, still studying or working full-time. They like to stand out in a crowd, enjoy foreign food, windsurfing/climbing/skiing/tennis, treat themselves to things they do not need, and have seen a pop/rock/jazz concert in the past six months. They read the Guardian, Independent, Times, FT, or Today.

PEOPLE

Bodies politic

■ Helen Maslen, personnel director of Guy's and St Thomas' Hospital Trust, has been appointed the first civilian director of personnel for the METROPOLITAN POLICE. A former RAF officer, Maslen, 47, is a former personnel manager of the Trent Health Authority and of Oxford Regional Health Authority, where she introduced individual performance-related pay for senior managers. As director of personnel at Northamptonshire County Council, she devolved personnel functions to individual units and introduced a reward strategy for senior and middle managers. At the Met she will have responsibility for 46,000 employees - both police and civilian - and will be a member of the Yard's policy committee. She will be on a three-year contract and takes office on January 1.

■ Baroness Brenda Dean, former Sogat general secretary and deputy secretary of the GPMU and a member of the TUC General Council from 1985-92, has been appointed a member of the BROADCASTING COMPLAINTS COMMISSION.

■ Clare Tritton, chief executive of Throckmorton Estates, an independent director of Fimbra and a former member of the European Committee of the British Invisibles Exports Council, has been appointed a member of the MONOPOLIES AND MERGERS COMMISSION.

■ Terry Morgan, managing director of Land Rover Vehicles, has been appointed chairman of Central England Training and Enterprise Council.

He succeeds Edward Roberts, chief executive of Heath Springs, who will remain on the board of the Tec and will become the first president.

Roberts, who has been four years in the chair, is chairman of the Tec National Council which replaces G10, the group of Tec directors which represents Tec's common interests to the government.

Morgan, chairman of Solihull Chamber of Industry and Commerce, was a founder member of Centec, a Welshman who still plays a mean game of rugby. Morgan practices what he will preach at the Tec - Land Rover has just been designated a practitioner of Investors in People, a national initiative implemented at the local level by Tec, which seeks to improve the training of people in work.

■ London East Training and Enterprise Council has appointed Susan Fey as its new chief executive following a period of several months during which the Tec had an acting chief executive.

Leticia, whose former chief executive resigned, has had a difficult time financially because of a substantial claw back of public funds after it fell foul of government accounting procedures.

Fey was formerly chief executive of the City Technology Colleges Trust and she brings a wide experience of working in secondary and further education and training.

SERC chief to head Glaxo's research



Glaxo, the world's biggest spender of pharmaceuticals research and development, is reorganising its R&D.

This company, which spent £793 on R&D last financial year and intends to spend £850m this year, has split the position of R&D director.

Sir Mark Richmond, 62, chairman of the UK's Science and Engineering Research Council, is to become director of the research division for a period of two years. The SERC is the largest of Britain's government-funded research councils; it distributes more than £500m a year in grants to university scientists and engineers.

Goran Ando, currently research and development director, becomes director of group development and product strategy. Both Ando and Sir Mark will report to Richard Sykes, chief executive, and board director responsible for R&D.

Sykes says the rapidly expanding knowledge base, especially in the understanding of the genetic basis of disease and the microbiology of cells, means that pharmaceutical companies would increasingly have to have access to information from both universities and biotechnology groups.

"To be successful you have

to harness these new technologies. Having access research is really critical to the future of the company and you need very good people to do it."

Sir Mark has exceptional scientific skills from his experience of molecular genetics at Edinburgh University and microbial biology at Bristol University. He also has organisational skills from running the SERC and being vice-chancellor of Manchester University, the largest outside London.

Sir Mark will be responsible for research as Glaxo's research organisation moves into its new headquarters in Stevenage.

Sykes says Ando's position was also highly critical. He would be responsible for developing safe, effective medicines that represented significant advances in therapy. For products to be successful, they had to offer value. As head of product strategy, he would ensure that the important links between product development and marketing were tightened.

■ Peter Lusty, formerly director of product development, has been appointed director of health systems at MCDONNELL DOUGLAS INFORMATION SYSTEMS.

The international tax environment is in upheaval. Make sure your group isn't undermined.

- The international tax environment is going through important changes and established thinking may no longer apply. If you don't review your group's position now, you may be facing serious problems in the future.
- Given the situation, it helps to have an adviser who can keep an eye on the latest issues.
- Ernst & Young has an international tax team dedicated to providing swift and practical solutions.
- Our 1993 international tax conference 'Tax Planning in the Changing Environment' will take place on 14th October. We will be setting the strategic framework for tax planning and discussing tactics to help your business through the 1990s.
- For details on the conference or advice on your tax situation, call John Fairley on 071-931 2294 or write to him at Ernst & Young, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 3NH.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

THE MOTORS SECTION

Appears Every Saturday

To advertise, please contact John Argyrides on 071-873-3444 or write to him at The Financial Times, One Southwark Bridge, London SE1 9HL

YOU CAN ADVERTISE YOUR SKILLS IN THE FINANCIAL TIMES RECRUITMENT PAGES FROM AS LITTLE AS £84 + V.A.T.

Looking for a Career Change?

FOR FURTHER DETAILS PLEASE CONTACT PHILIP WHITLEY ON TEL: 071-873 3351 FAX: 071-873 3064 OR BY WRITING TO HIM AT FINANCIAL TIMES, RECRUITMENT ADVERTISING, NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL

TECHNOLOGY

David Waller on how German software company SAP has prospered on a vision five men shared 21 years ago

Rigid standards lead to the top

Twenty-one years ago, five software engineers left the German arm of IBM to set up their own company. Their aim was to develop "standard" software powerful enough to handle all companies' data management needs in areas as diverse as production, sales and distribution and accounting, and flexible enough to adapt to the individual requirements of companies in widely different industrial sectors. It would be an alternative to costly tailor-made software packages.

The dream turned into a reality and SAP, the company which they founded, is today one of the world's top dozen software companies and European market leader in integrated business software. Its main competitor in this segment of the market is Dun & Bradstreet Software (DBS), a subsidiary of the US business information group.

For more than a decade, the mainstay of SAP's business has been a product called R/2, a software system designed for use on large companies' mainframe computers. Customers include more than 1,400 of Germany's largest companies - but also 75 US corporations, including nine of the top 10 Fortune 500 companies.

The system typically handles tasks involving the input of thousands of individual items of data - for example, an airline's ticket-issuing system or cheque clearing for a large bank.

It is designed on a modular basis, so that the customer can extend the use of the system to cover different applications at will. At the core of the system is what SAP calls the Basis System which provides limited data storage and word-processing facilities. On to this the customer can bolt modules which cover functions such as materials management, quality assurance, plant maintenance, financial accounting or cost accounting projects.

While R/2 accounted for more than half SAP's group sales of DM631m (£392m) last year, the thrust of the business is set to change fundamentally with the recent introduction of R/3 - a new generation of software which is designed to appeal to small and medium-sized companies.

According to Dietmar Hopp, SAP's chief executive and one of the four founders who own 80 per cent of the company's shares, the move to a new product mirrors fundamental changes in the computer technology market.

As computers become cheaper and smaller while retaining the power of larger machines, companies are shifting away from expensive mainframe computers to client-server systems, which form networks of personal computers and workstations to process the company's data. Coupled with this is the move to open systems, where hardware and software are built to common standards which enable them to be interconnected with an ease unknown in the past.

Hopp says the new product, which SAP began marketing last year, is designed to follow the market trend away from mainframe computers - and to open up a vast customer base of medium-sized companies for whom R/2 was inappropriate and too expensive. While R/2 costs anywhere between DM400,000 and DM2.5m to install, R/3 sells at a minimum of DM100,000.

As yet, SAP is the only company in the world to offer this kind of fully-integrated modular software for mid-range computers, although DBS is expected to launch a rival product this year. Other companies tend to specialise in one functional area (for example, providing accounting or human resources software) but R/3 links the financial, personnel and manufacturing functions together.

The new product achieved sales of DM57m last year. This year, Hopp predicts, SAP will have sold 1,000 R/3 systems - 10 times as many in 1992 when the system was sold only in Germany - generating sales of DM200m. As the marketing push continues in the US and

Europe, analysts are hopeful that sales will climb to DM350m in 1994. This is likely to compensate for the slow decline in revenue from R/2, which is likely to lose ground as more companies move away from mainframes. R/3 can also be used to upgrade existing R/2 systems.

Having tackled the "mid-market" volume performance of their ancestor R/2, the US remains a critical market for SAP and it has doubled its staff there in the past 15 months to counter an earlier lack of marketing aggression.

It has formed a number of alliances to help its cultural shift. Siemens Nixdorf is a reseller of SAP software and consultancy partners include Andersen, Coopers & Lybrand and Schitig Ernst & Young. Last year, it announced a technological and marketing agreement with Software AG.

Alan Cane

SAP learns to adapt to the world of client-server computing

Among SAP's customers are ICL, Esso, Mobil Oil and British Rail. Of the top 10 US corporations, eight use SAP software.

Germany remains the company's main market, with 80 of the top 100 largest industrial companies as customers. If the company has a fault, it is a certain rigidity of approach, something it shares with Software AG. One analyst says:

"It is a very engineering-oriented company".

The change to client-server, open system designs, will not prove easy. R/3 was at first intended to replace R/2, but now both will be offered in parallel for the foreseeable future. According to the consultancy Ovum: "At issue is the extent to which R/3 systems are capable of achieving the high

HE'S ALWAYS WANTED A SOFTWARE PACKAGE THAT CAN HANDLE THE PERSONNEL FUNCTION



Europe, analysts are hopeful that sales will climb to DM350m in 1994.

This is likely to compensate for the slow decline in revenue from R/2, which is likely to lose ground as more companies move away from mainframes. R/3 can also be used to upgrade existing R/2 systems.

Having tackled the "mid-market"

volume performance of their ancestor R/2, the US remains a critical market for SAP and it has doubled its staff there in the past 15 months to counter an earlier lack of marketing aggression.

It has formed a number of alliances to help its cultural shift. Siemens Nixdorf is a reseller of SAP software and consultancy partners include Andersen, Coopers & Lybrand and Schitig Ernst & Young. Last year, it announced a technological and marketing agreement with Software AG.

Alan Cane

Novell plan falls at final hurdle

Geof Wheelwright and Alan Cane report on a stalled Unix deal

Last-minute objections from leading computer suppliers have delayed, for the time being, a move which would have redrawn the battle lines in the so-called operating systems wars.

Novell, the US-based market leader in PC networking, which earlier this year completed a \$320m (£205m) acquisition of Unix Systems Laboratories from AT&T, had planned to "give away" the rights to the Unix operating system to X/Open, a computer industry consortium including IBM, Hewlett-Packard and Sun Microsystems. X/Open is concerned to set standards which ensure that versions of Unix from different manufacturers are compatible and allow applications software to be moved freely between machines.

Now objections by a number of the companies which would have been affected by the deal have stalled Novell's plan to relinquish the rights to Unix. The idea had been that passing control of Unix to an industry consortium would silence critics who argue that control of such an important piece of software should not rest with any one company.

It is understood the objections turn around disagreements over who will fund further Unix developments and questions about the future of networking software independently developed by companies in the X/Open consortium.

Intense lobbying means that it is likely the plan will eventually go ahead, but in the interim Novell has announced a plan to "bring PC market economics" to the Unix marketplace.

Unix is one of a number of competing operating systems which are being promoted as the key to "client-server" computing, networks of personal computers and servers which are expected to take over from mainframe computers for many corporate applications. Unix allows many users to work on the same computer system and individual users to work on several programs simultaneously. Designed originally for mid-range computers, it is effective on today's very powerful reduced instruction set computing (Risc) processors.

Its principal rival as industry standard operating software is

Windows NT, released a few weeks ago by Microsoft, the US software house which dominates personal computer software.

Novell said earlier this week that in order to increase the appeal of Unix to the personal computer sector it would speed up the integration between Unix and Novell's own "NetWare" network operating system.

In practical terms this means that Novell's own version of Unix, UnixWare, will be incorporated into the Unix source code written for Intel microprocessors. Intel chips power some 80 per cent of today's personal computers.

By 1994, according to Novell, it will be able to provide common network management, system directories and other features which will allow NetWare and Unix to be tightly integrated. This means that computer companies building systems around Unix will not have to worry about designing new network software connections; that will be handled by the Unix/NetWare specification.

In other words, it should be easier to build enterprise-wide information management systems - existing local area networks running on NetWare can be more simply integrated with Unix software at the heart of the system.

The new software will be submitted to X/Open for its approval. Novell hopes to gain in market share and market unity what it will lose in development autonomy. Ray Noorda, Novell chief executive, said: "Novell bought the Unix system to lead the industry in unifying it, while increasing its openness and strengthening its value to customers through volume distribution. Our business is to extend the value of the Unix system to the tens of millions of industry-standard computers shipped with Intel processors."

This week ICL, the UK-based manufacturer owned by Fujitsu of Japan and a big supporter of X/Open, said it supported the Novell UnixWare strategy and welcomed its decision to offer to move control of Unix to the consortium.

Peter Stuart, business strategy manager for ICL's client-server systems division, said it would result in a significant reduction of confusion in the market.

C&C for Human Potential



Even from half-way around the world, the excitement is experienced firsthand.

From transmitting the events of foreign lands to helping everyday communications via telephone, facsimile and video teleconferencing, NEC satellite communication systems are used world-wide assisting the exchange of information. And while doing so, helping people reach their own human potential.



NEC

European Cable and Satellite Business TV
(All times are Central European Time)

MONDAY TO THURSDAY
Super Chsnnel: European Business Today 0730: 2230
Monday Super Channel: West of Moscow 1230.
Super Channel: Financial Times Reports 0630
Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030: 0130
Friday Super Chsnnel: European Business Today 0730: 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130: 2230
Sunday Super Channel: West of Moscow 1930
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230: 0530
Sky News: Financial Times Reports 1330: 2030

Nice man - shame about the tie



Into the unsettled England of the 1830s the locomotive burst its way. So wrote the young Harold Wilson in the opening sentence of his prize-winning Gladstone Memorial Essay on The State and the Railways in Great Britain (1853-63) at Oxford university in the 1930s, though the rest of the essay, we are told, was rather less high-powered.

It sounds remarkably like his subsequent career in politics. Wilson was the most exciting leader of the opposition in postwar Britain. He was not the most exciting prime minister. (That was Margaret Thatcher.) After the initial bursts of steam, there were long cooling-off periods. Yet Wilson still casts a spell over the British scene. There have been more books about him, several of them written by himself, than any other British prime minister since 1945, if you count Churchill as essentially a wartime leader. It is no disparagement of the earlier efforts to say that Philip Ziegler's is the best so far. This is partly because Ziegler has had access to some private papers previously unavailable, partly because he is an accomplished and experienced biographer and partly because he has drawn, very sensibly and with full acknowledgements, on the books that have gone before. The sections on Wilson's early life in particular are fuller and more authentic than in any earlier volume. Ziegler has also drawn intriguingly on dispatches from the American Embassy in London, which has always kept a close watch on British politics.

Do not, however, expect anything sensationally new. For Ziegler, like his predecessors, has ducked the main question. That is how good, or how bad, a prime minister Wilson was. Could anyone else have done better in the circumstances of the time?

One can see why the question is constantly avoided. Wilson came in with such high expectations in 1964 and went out with such a low reputation in 1976 that to upgrade him now would compel a big reval-

WILSON, THE AUTHORISED LIFE
By Philip Ziegler
Weidenfeld & Nicolson, £20, 593 pages

nation of his successors and of Edward Heath in between.

If someone were to argue now that Harold Wilson was the best British prime minister in the past 30 years, it would make his successors look dire indeed. Probably he wasn't. Yet if you look at the problems he had to face, he wasn't all that bad, and if you look at the circumstances of Britain today you may well conclude that not so much has changed.

Wilson had one problem peculiar to his time and not of his own making. That was Vietnam. It was especially hard for the Labour party, some of which was anti-American and anti-war of any kind. It coincided with, and to some extent led to, a wave of student unrest which was not confined to Britain. Those were not propitious times for a left-of-centre government, though one wonders how a Tory administration would have responded to American requests for military assistance.

Yet most of the problems of the Wilson era look depressingly familiar. The prime minister's long fight to stave off devaluation in the mid-1960s is remarkably similar to John Major's clinging to the exchange rate mechanism last year. The Labour party quarrelled over Europe then just like the Tories today. Even the calls for a referendum strike a chord. As for the challenges to the leadership and the conspiratorial atmosphere, who is to say that the Tories in the 1990s come out any better? Mrs Thatcher apart, Labour leaders on the whole survive longer.

Even where Wilson failed, as in trade union reform, he set the way for changes later. Heath failed on that score as well, but the very process of trying made it easier for Mrs Thatcher. It was the same on Rhodesia which inevitably took so much of Wilson's time and would equally have absorbed any other British prime minister.

By concentrating on the biography of the man rather

than the history of the time, Ziegler tends to underestimate the difficulties that Wilson faced. As in Ben Pimlott's even longer biography last year, there is no final judgment of Wilson's place in British politics, and one suspects that the reason is that no-one is yet quite sure. It may depend on whether there is ever again a Labour government.

Where Ziegler comes up trumps is on the personal side. Wilson may have had his quirks and foibles, latterly even a mild paranoia, but he was essentially a decent man, liked by most who worked with him. This is Ziegler's main conclusion after four years of research: "There were few surprises... what did impress me far more than I expected was his extraordinary niceness."

It was said of him initially that he was an exceptionally boring man. A politician needing to make the odd joke, so Wilson picked up a sense of humour on the job. He did it very well. When he protested to the BBC that it was keeping potential Labour voters at home by showing Steptoe and Son during the last hour of polling in the 1964 election, the director-general asked him what should be put in its place. "Oedipus Rex," he replied. Steptoe was postponed.

Wilson was the only British prime minister this century apart from Stanley Baldwin to resign voluntarily. Baldwin was 69 and very deaf. Wilson was under 60 and relatively fit. He had acquired a reputation for deviousness which is why even those who were told in advance did not believe that he would really go. Yet anyone who presides over a political party as long as Wilson must have a talent for finesse.

At the final cabinet meeting Tony Benn tried to take a photograph of the outgoing leader, but was deterred. "It was just a non-event," Benn recorded, "like a civil servant reaching the age of 60 and retiring." He was probably more right than he knew. There was a lot of the civil servant in Wilson, and on the politics, as Randolph Churchill wrote to Wilson in 1964: "The Leader's tie is palest pink. It's not as red as people think."

Malcolm Rutherford

According to a UK Treasury wag, Kenneth Clarke told his top officials at an early meeting that he had three priorities: first to be a member of the cabinet, second to represent his Nottinghamshire constituency and, third, to be chancellor.

These words are probably apocryphal, but indicative of the new spirit in the department. What is not apocryphal is that Mr Clarke has declined to seek a "pair" for divisions. (British MPs still employ an archaic method of voting by tramping many times through division lobbies. Most ministers try to avoid this by an accord with an opposition member who also agrees not to vote.) The chancellor's desire to escape from the Treasury is refreshing. But spending a lot of time gossiping in the lobbies with MPs, some of them the worse for wear after dinner, is an odd method of keeping in touch with the mood of the country.

This approach might explain the resurrection of a discredited kind of public sector pay policy. Under Labour, public sector pay was governed by a notoriety, which was also meant to apply to the private sector. The Thatcher government eventually abolished all pay norms. For a time it persisted with a cash limit for public sector pay, but in the mid-1980s this gave way to overall cash limits.

For the year to November 1993, Norman Lamont resurrected, as an exceptional measure, a public sector settlement ceiling of 1½ per cent, which has more, or less been observed. The correct justification was that it enabled the public sector to discard fewer workers for any given cash limit; but the Treasury saw it more as a way of getting a grip on public expenditure itself.

The natural re-entry was to go back to general public sector cash limits. Instead there is to be a freeze on pay budgets alone - which account for a third of General Government Expenditure. Worse still, a ready-made cop-out is provided for pay increases backed by improvements in what is variously called "productivity", "efficiency" and "performance".

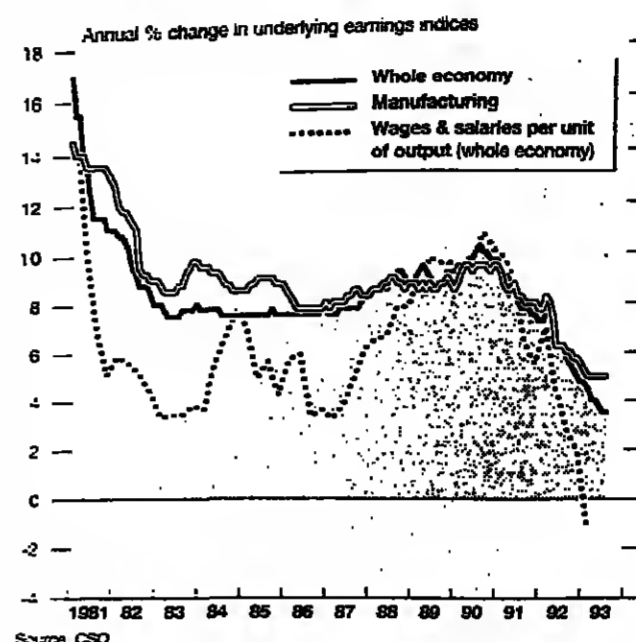
As a former chancellor, Nigel Lawson, has explained in *The View From Number Eleven*, "the pay-productivity exhortation is

ECONOMIC VIEWPOINT

Half-baked pay policy returns

By Samuel Brittan

The collapse of UK wage inflation



so familiar and uncontroversial that it is very difficult to do without it, especially at the dispatch box at the House of Commons, where blunter, market-related arguments go down extremely badly, even on the Conservative side.

Nevertheless he considers it invalid for particular sectors, even though broadly true for the economy as a whole. "If wage increases were literally related to increases in output per person then all sorts of bizarre consequences would follow. Wages in high technology sectors would shoot ahead and people like teachers and doctors, whose productivity is more difficult to measure, would lag badly... His drivers, whose productivity diminishes as a result of increasing congestion on the roads, would have their pay cut... The true principle is the simpler, but less moralistic one, that pay should be related to the state of particular labour markets," i.e. the recruitment and

The UK is in a remarkably good competitive position; and so will be John Major if he can hold on

outside direct government control. Moreover, review bodies have unfortunately been established to recommend pay for 1.5m staff, including the armed forces, teachers, doctors and nurses. Review body awards have almost always been above average. Even in the civil service, ministers' hands are tied by a guarantee of partial private-sector comparability.

Group	Staff
Civil service inc prisons	570,000
Fringe bodies	150,000
Review Bodies	
Armed forces	285,000
Teachers (Eng)	442,000
Doctors/dentists	106,000
Nurses etc	537,000
Top Salaries	2,000
Other NHS	390,000
Local white collar	748,000
Local manual	888,350
Further education	86,000
Scottish teachers	57,400
Universities	105,150
Police	145,000
Fire	41,000
Care, probation	18,200
Nat. industries etc	489,500
TOTAL (inc misc)	5,005,600

Although public and private sector pay diverge a lot from year to year, over a slightly longer period they move in remarkable harmony - drawn together not by bureaucratic procedures but by labour market forces.

The dangers of the new pay policy are: too many public sector job losses in order to offset excessive pay settlements, general miseducation and perhaps greater difficulty in keeping to the spending guidelines.

Yet, as Adam Smith once remarked, there is an awful lot of ruin in a nation. For the moment, public sector backsliding is likely to be offset by the far more important shift towards pay flexibility in the private sector, which has been summarised in the September issue of *Employment Gazette*. First, there has been a fall from two-thirds in 1984 to less than a half in the proportion of employees whose pay is determined by collective bargaining. Second, there has been a shift to more decentralised pay setting. Third is an increase in

what is unhappily named "performance-related pay". In fact, traditional forms of rewarding effort, such as piece work, have declined, but they have been more than offset by financial participation such as employee shares or profit-related pay. So there is a modest but growing element of pay which is linked to corporate profitability and which represents the best hope for employment in the longer run, by inserting an automatic element of flexibility into employment costs.

The extent of the collapse in wage inflation has still to be appreciated. It was a frequent complaint in the 1980s that, in spite of high unemployment, and moderate inflation, annual earnings increases remained stuck at 7½ per cent. Now they are down to 3½ per cent. It is not surprising that pay increases have failed to drop quite so far in manufacturing, as international competitive pressures have been dampened in that sector by devaluation. (Manufacturing pay increases were also above the whole economy average when sterling was declining in the early and middle 1980s.)

Most remarkable of all has been the behaviour of unit labour costs. Thanks to an unexpectedly vigorous rise in productivity, these have fallen by 1 per cent over the whole economy, even when measured in national currencies. Manufacturing costs have fallen even more, putting Britain in the low-cost lead among industrialised countries. The UK is in a remarkably good competitive position; and so will be John Major if world recovery occurs and he can hold on.

Of course the improvement reflects recession pressures. It also reflects the benefits of two years inside the exchange rate mechanism. But it would hardly have gone so far without the labour market shake-out of the 1980s, the more competitive culture and the shift towards pay decentralisation.

Charts of national wages cannot, however, show the greater dispersion of pay settlements in line with differing market pressures. This change will ultimately price more people into work; it may already account for a jobs trend that is not as bad as in many parts of the overregulated European Community. The new polices have claimed victims among those at the adverse end of market forces. But the victims will not be helped by stopping the clock. Nor will anyone be helped by half-baked pay policies in the public sector.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Essential that clearers heed governor's call

From Mr Andrew Mitchell.

Sir, The governor of the Bank of England is right to be worried that the economic upturn could be stifled ("Bank governor calls in clearers", September 21). Our company's experience illustrates the problem well and also points the way to one possible solution.

As a manufacturer with a high export ratio we were well looked after by our bank for many years. Then, under increasing pressure from head office, our local manager told us he was no longer allowed to include export debtors in our total balance sheet for the purpose of calculating our lending facility. He offered his bank's own Export Credit Guarantee Department scheme as an alternative, but even he

recoiled when he realised that this equated to an interest charge of 24 per cent in order to maintain our export momentum we were forced to look for an alternative supplier of banking services with a more enlightened attitude to exporters. We found this in Credit Lyonnais, a leading French bank, which is progressively developing a branch network throughout the UK. This bank makes no distinction between a debt in Hamburg and a debt in Huddersfield.

It will be interesting to see whether the governor's initiative succeeds in provoking a positive response from the UK clearers or whether the paralysis which grips them has set in too deeply for that. If the latter is true other businessmen fac-

ing the same problem may like to know that they are free to go beyond the UK for their banking just as for their car or their refrigerator.

Andrew Mitchell,
chairman,
Mitchell Instruments,
Cambridge CB4 1SS

From Mr Ben Coleman.

Sir, Bouquets to Mr Eddie George for telling the big four banks to support small business more. Brickbats to Mr Kenneth Clarke for wasting the time of his economic secretary, Mr Anthony Nelson, by telling him to explore the relationship between finance and business ("Clarke pledges review of funding for industry", September 10).

A committee set up by the

then prime minister, James Callaghan, and chaired by the then Sir Harold Wilson examined precisely this issue. Its 1979 report, *The Financing of Small Firms*, is available from HMSO and is still relevant.

Although the recommendations led directly to some of the "innovations" of Mrs Thatcher's early time in office (notably the Loan Guarantee Scheme and the Unlisted Securities Market), many of the same problems remain. Shortage of low-level capital and the ease with which banks can pull the rug are chief among them.

What we need now is action of the sort Mr George is taking, not another inquiry.
Ben Coleman,
14 Boscombe Road,
London W12 9HP

End 'free' petrol perk

From J M F Padovan.

Sir, During the current controversies regarding our crowded roads and British Rail's revenues, any suggestion which could alleviate both situations and which should suit transport and environment lobbies as well as the Exchequer deserves to be looked at seriously.

Many businesses still provide unlimited free petrol for their employees. Where this is done, a flat rate of tax benefit applies (just £200 a year is payable on an average car, even assuming higher rate tax). Clearly, an employee in this situation is encouraged to use his car excessively - for leisure and to drive to and from work,

thereby adding to road congestion during the morning and evening rush hours. This mileage is in effect "free", whereas the same employee would have to pay out of his own pocket for a season ticket if he chose to commute by rail or other public transport.

The alternative is very simple: an employee pays for all his fuel and merely charges his employer (normally about 9p a mile) for genuine "business" miles. I believe the provision of "free" petrol, particularly with the current subsidy, should be made illegal in the autumn Budget.

J M F Padovan,
61 Cleaver Square,
London SE11 1EA

If it's good enough for teachers, it's good enough for MPs

From Mr C G C Tate.

Sir, The government is busily abolishing the minimum wage and you report education secretary, John Patten, as rejecting the teachers' current pay claim on the basis that "students are queuing up to be teachers" ("9 per cent choice of careers", September 21). Is it not time, therefore, to adopt a similar approach to MPs (and ministers) pay? There is, after all, no shortage of candidates for election to parliament or appointment to ministerial office.

Why should there be a statutory minimum wage for these posts, which also carry regular

increases? Candidates should be asked to state, before election or appointment, what salary they require: electors, etc., would then have the chance to consider cost as one among the factors influencing their choice. Moreover, assessment of performance would be introduced to parliament: it is quite apparent that some MPs work harder than others. Considerable savings might well result. Government might conceivably become more efficient. Or is competitive tendering and performance-related pay only for others?

Colin G C Tate,
12 Montagu Square,
London W1H 1RB

The reality for miners represented by unions in American pits

From Mr George S Shifflett.

Sir, Robert Taylor's description of the US mining industry, Peabody's role in it and the strike being waged by the United Mine Workers of America ("Hanson unions plan worldwide link-up", September 9) unfortunately creates a picture at odds with the facts.

Rather than "setting the pace for non-unionism" as Mr Taylor reports, Peabody Coal Company and its affiliate, Eastern Associated Coal Corp, are attempting to preserve our union-represented mines in the face of increasing competition

from non-union operations. All of the miners employed by the two companies, it should be noted, are members of the United Mine Workers (UMWA).

The reality facing union-represented miners in the US is clear and straightforward: if mines employing UMWA members are going to continue to exist, they must operate under a contract that enables them to be cost competitive with non-union mines. That is precisely why the multi-employer bargaining group of which Peabody Coal and Eastern Associated are members, the

Bituminous Coal Operators' Association (BCOA), has offered proposals to the union that would increase competitiveness and, at the same time, expand job opportunities for union-represented miners.

The need for competitiveness is readily apparent when you look at the US coal industry's employment and production figures. Today, non-union operators produce 70 per cent of the coal and employ 60 per cent of the miners - quite the reverse of Mr Taylor's description of "an industry where two-thirds of the 100,000 miners are still

organised".

Finally, Mr Taylor's reference to Peabody as "the leading negotiator for the mine owners" does disservice to the BCOA. It is important to understand that each member of the BCOA's four-person negotiating committee has an equal vote; further, BCOA's lead negotiator is from another coal company - not Peabody.

G S Shifflett,
President,
Peabody Coal Company,
chairman, Bituminous Coal Operators' Association,
Kentucky 42420-1990, US

DON'T CRACK UNDER PRESSURE

The 6000 series, 18 karat gold and fine brushed steel. Exclusive bracelet design. Scratch-resistant sapphire crystal with magnified date indicator. Water-resistant to 200 meters.

TAG Heuer
SWISS MADE SINCE 1860

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 3500

Thursday September 23 1993

Nafta passage in peril

LAST WEEK President Clinton launched his campaign for ratification of the North American Free Trade Agreement (Nafta), with a finely choreographed event involving three ex-presidents and a speech that rose magnificently to the occasion. Here was a Democratic president, leader of the party within which most resistance to the agreement can be found, setting out firmly and clearly the reasons why that resistance is so utterly wrong-headed. At last, one felt listening to him, the administration is going to give this issue the priority it needs.

Yet by the end of the week the presidential propaganda machine had already moved on to beat the drums for healthcare reform. That is an important issue, but unlikely to reach decision point before mid-1994 at the earliest. By contrast a decision on Nafta is needed by the end of this year, and as things stand the decision is more than likely to go against it. One speech is certainly not enough to undo the damage done by Mr Ross Perot in whipping up hysteria on the issue.

Precious time was lost between Mr Clinton's inauguration last January and the signing in mid-August of "side agreements" on labour and the environment, which he had promised to secure during his election campaign. From a strict free trade point of view, these agreements actually reduce the attraction of Nafta, since they forbid further unilateral deregulation in these areas by any of the three signatories (Canada, Mexico and the US).

Worrying parallels

The object of the side agreements is, of course, to pacify powerful lobbies in the US, whose anxieties Mr Clinton shares or at least claims to share. The exercise is similar to the "clarification" of the Blair House agreement on agricultural trade, which the EC has now agreed to seek in order to save the French government from the wrath of its farm lobby. Indeed there is a worrying parallelism between the US attitude to Nafta and the French attitude to Blair House: both have come to be seen as symbolising all the demons that threaten national living standards and a cherished way of life, although in both cases the likely economic effect is quite small.

Slippery art of central banking

IMAGINE THIS scene: US Federal reserve chairman Alan Greenspan, Bundesbank president-elect Hans Tietmeyer and Bank of Japan governor Yasushi Mieno, huddled together this week in a Washington bar, talking a break from a gloomy International Monetary Fund meeting to compare notes on the art of modern-day central banking. Pleasantries dispensed with, drinks ordered, the conversation would turn quickly to a three-way moan. Never has the art of central banking been so difficult.

Mr Greenspan probably has the most delicate task at present: to decide when to raise US interest rates. Some observers argue that the weak US recovery, and the sluggish rate of broad money growth, argue for delay. Others, notably the monetarist Shadow Open Market Committee, fear that double-digit growth of narrow money spells inflationary danger and want higher rates now. In Japan, life is a little easier. All the indicators - falling output, sluggish credit growth, and a badly damaged banking sector - argue for a loose monetary policy, hence Tuesday's 0.75 percentage point cut in the discount rate to a record low. But Germany's situation is again more complicated: rapid broad money growth argues for a tight monetary policy, but almost every other indicator says that this policy is feeding Germany's lingering recession.

Erratic behaviour

All three central bankers are trying to make policy at a time of exceptional uncertainty in the world economy. Forecasters have consistently missed the strength of world deflationary pressures: analysts have therefore failed to spot how low short-term interest rates would need to go in the US and Japan, or the way in which this fall in the return on cash would feed stock and bond market rallies; and economists have failed to explain the erratic behaviour of monetary aggregates, both in the US and Germany.

The normal indicators upon which monetary policymakers rely are, as a result, difficult to understand, let alone use as reliable guides to policymaking. Should Mr Greenspan worry about narrow or broad money growth?

It would be helpful if all discussion of Nafta in the US began with a reminder that the whole Mexican economy is no bigger than the amount by which the US economy grows in two average years, and then proceeded to point out that US imports from Mexico are already virtually unrestricted. The next point to note is that, even without Nafta, deregulation of US deficit on bilateral trade of \$8.7bn in 1987 into a \$5.6bn US surplus in 1992. The "giant sucking sound" of jobs moving south, with which Mr Perot has terrorised American workers, should be drowned, in any rational universe, by the noise of new factories being built in the US to supply the Mexican market.

Strategic centrepiece

Nafta is not a zero-sum game. It should result in a net increase in employment on both sides of the Rio Grande (and indeed of the 49th parallel). But, while the short-term gains might well be greater in the US, the agreement's political importance to Mexico can hardly be exaggerated. President Carlos Salinas de Gortari has made Nafta the centrepiece of his liberalising strategy, which reverses all 20th-century Mexican traditions and is still bitterly contested both outside and (more discreetly but also more dangerously) inside the ruling party. US rejection is likely to derail this strategy. That should be a matter of acute concern to Americans, right across the political spectrum. The last thing the US needs is a southern neighbour sinking back into economic stagnation and political instability, from which ever growing numbers would flee northward.

Republican congressmen and senators should not let partisan feeling, or dislike of the side agreements, dissuade them from voting for an agreement which remains a great achievement of their party. Mr Clinton, for his part, must not fall into the trap of thinking that, having at last made his own position clear, he can now afford to move on to other issues. This one requires all his personal powers, and if it goes wrong it will be a sad victory for the forces of irrationalism, leaving little hope that the US will grasp the more difficult nettles of freer trade with Europe and Asia.

Eclectic fashion

Modern central bankers have never been more aware how damaging their errors can be. But, having chosen or been forced to drop their monetary or exchange rate targets, they appear to have little option except to use a range of monetary indicators in eclectic fashion. Still, there are principles that the three central bankers should bear in mind.

First, central banks, especially independent central banks, must explain what they are doing and why. In this regard, Mr Greenspan has been a relatively impressive Fed governor. Mr Mieno's approach has been rather more oblique, while some recent indications by the Bundesbank of its policy intentions have been confusing, at best.

Second, central banking is a forward-looking art. Long lead-times mean that policy today must be appropriate for economic conditions in a year or more's time. Mr Greenspan, mindful of parallels with the 1930s depression, was right to cut US interest rates early and aggressively, but the test of his dexterity will be whether he has the courage to raise rates again before clear inflationary signs emerge. The Bank of Japan, stung by its failure to prevent asset price inflation in the late 1980s, has eased policy too late and too slowly. Precedent suggests it will raise them again too late.

As for the Bundesbank, still unhappy about the recent terms of monetary unification and very aware of Germany's inflationary history, it must guard against the temptation to fight yesterday's battles today. History can be a useful supplement to current information. It can also be a debilitating straitjacket.

If the next few days are calm", said Mr Yegor Gaidar, now back as first deputy prime minister with a presidential "coup" in his in-tray as well as an economic crisis, "and there are no confrontations, then the situation should stabilise".

Day one of presidential rule has gone to Mr Boris Yeltsin. After the grand theatre of the swearing-in of General Alexander Rutskoi as acting president in the Russian parliament early yesterday, an anticlimax was palpable. The military pledged continuing support to the president: General Pavel Grachev, the defence minister - not an enthusiast for Mr Yeltsin's decision - assured him yesterday of the "full" support of the armed forces: General Valery Mironov, the deputy defence minister, speaking in the General Staff academy, said he had spent Tuesday night calling regional commanders, to find that "most" serving officers viewed politics as something to avoid. But to be safe, he had banned all political meetings in army units, and believed his orders were being obeyed.

There are demonstrations, but they are small. The parliament's supporters gathered outside the White House early, or young, toughish, or drunk, or a little daft: there are few respectable citizens and almost no enthusiastic youth, as there were, in large numbers, on the days and nights of the August coup in 1991. The cabinet of ministers has suffered only one defection - Mr Sergei Glaziev, the young minister for foreign economic affairs - who, colleagues said, had wanted to go primarily because he could not work with Mr Gaidar, and not because of his stated reason that he could not accede to the president's decree.

In the regions, most administrative leaders and even some heads of local soviets (councils) are voicing support for Mr Yeltsin. It is often lukewarm: Mr Boris Nemtsov, the reformist governor of the industrially important Nizhny Novgorod region, said local people had better things to do than worry about what was happening in Moscow. No matter (for Mr Yeltsin) - indifference is fine, only active opposition need worry him.

Mr Yeltsin has a plan for "step by step" reform, which is beginning to be set in train. Elections are to be called for the new parliament on December 11-12: the country will be governed by presidential decree and government decisions for the next eleven and a half weeks. During that time, the standing constitutional convention will be convened to discuss and pass Mr Yeltsin's variant of the constitution - which, once agreed, will be put to the newly elected parliament for approval as its first duty.

Parliamentary commissions

Yeltsin and Rutskoi are staking out their positions in a gamble to wrest control of Russia, says John Lloyd

Days of whine and poses



organised by the government (constitutionally, commissions have fallen under the jurisdiction of the parliament) are now being set up with the assistance of the regional administrations - who were told yesterday by Mr Viktor Chernomyrdin, the prime minister, that their leaders would be held personally responsible for carrying out the decree Mr Yeltsin signed last night.

Elections will take place only to the lower house of the new Federal Assembly - that house to be known as the State Duma. Mr Vladimir Shumeiko, also brought back in his former role of first deputy prime minister, said yesterday it had been decided that 270 of its 400 deputies would be elected from single member constituencies, with a further 130 elected by party lists. This last measure will give fledgling parties a role, and a lever for exerting party discipline.

The upper house, or Council of the Federation, will not initially be elected. It has already been created as a standing advisory body, and is and will be composed of the leaders of the regional and republican administrations and soviets - thus

being transformed into the senior legislative chamber. Pressed for his view, Mr Gaidar said yesterday that he expected this body would in the course of next year also be elected - and that there would be presidential elections, as Mr Yeltsin has indicated, in that period. "It is step by step, step by step," repeated Mr Gaidar like a mantra.

Three main dangers confront Mr Yeltsin and his government in the weeks ahead, before elections allow the people to speak. First, that Mr Yeltsin, as was his wont after the August 1991 coup and again after the April 1993 referendum, may fritter away his advantage in inactivity and unfocused activity. He has prepared relatively carefully for this juncture - making sure of the allegiance of the armed forces, progressively diminishing his vice-president, and last week bringing back Mr Gaidar. He must now push through action on every front - political and economic especially, but also on what might be called the public relations level, appearing as the relaxed and paternal president who offers no threat to anyone except the malevolent. (He did some

of this yesterday, with a little walk-about through central Moscow with his interior minister, Mr Viktor Yerin. In tow.) His health and his attention must both hold steady - and most of all, his will.

Second, he may act, but wrongly. He is no economist though understanding the difficulties and prepared to address them. He is also a populist by instinct and prone to throw money at problems. Mr Gaidar observed yesterday that a pre-election period was not the most promising time to expect discipline in economic matters. Mr Yeltsin - and his political advisers - will find their sense of what is economically right severely tested in the weeks ahead as they seek to have elected a parliament which will find their policies acceptable.

Third, and most seriously, Mr Yeltsin may act, and act wisely - but in doing so store up such a pressure of protest as to threaten his own position and that of the government. Parliament was more than inconvenient for him - it posed a direct challenge to his authority and to his decisions. It could hardly be otherwise in a polit-

ical system where the division of powers was not defined and the natural belief of many, perhaps most, of the deputies was in the necessity for the state to intervene, to plan and to control, in order to address the problems about which their constituents complained and which they themselves could so clearly see about them.

Parliament was a great, even threatening, pain and obstruction, but it was a necessary opposition and to its grievance, its abolition - or rather, its transformation into a parallel power - could give grievances that have remained rhetorical so far a militant, even armed, character. There were unformed men tearing Kalashnikovs in the White House yesterday, and Russian reporters said that plainclothed young men were carrying them last night.

Gen Rutskoi has appointed three anti-Yeltsinists to the posts of ministers of defence, security and interior. His defence minister, General Vladimir Achalov, ordered military cadets with side-arms to report to the parliament to protect it and was threatened by Gen Grachev - but will presumably try again, with his colleagues, to give their paper authority real weight.

A package of economic measures is being prepared by the government: if these are to address the central problem of inflation, they will mean cuts in the budget, and thus in social programmes, and in funding to enterprises. None will be without social costs. If they are to be pushed through before the election - Mr Yeltsin and his government may decide to hold off in this period there will be real, legitimate grievances to deal with. But how? How tolerant can even a temporary autocrat be? How far can he discriminate between grievance and attempts to destabilise, even overthrow him? And how far can he count on moderation from leaders of nationalist and communist groups who have nothing to gain from acquiescence to his will?

Day one of this new and feeble era may thus be a harbinger of a relatively peaceful transition period to real elections - or a pause before the election forces, which include Gen Rutskoi, Mr Russian Khasbulatov, the parliamentary speaker, Mr Vladimir Isakov and Mr Sergei Baburin, leaders of the communist-nationalist movements, and others who are energetic, resourceful and do not lack allies, make their plans and whip up organised revolt on the fertile soil which an impoverished and fearful population offers. Mr Yeltsin, against the judgment of many in his entourage, has made a break for a new order; the old one is far from dead.

Late payers should pay the price



The government is to review how UK industry, and especially small business, is financed. There is one important step that could be taken immediately.

It needs to ensure that commercial debts are paid on time. Because late payment of debt is so entrenched in British culture, this can only be achieved by reform of the law to provide for a statutory right of interest on overdue business debts. Such reform would contribute to investment, expansion and job creation.

The problem has existed throughout my working life. In my early days at the Bar, actions for the recovery of debt formed part of my livelihood. From the moment I joined National Westminster Bank, our business units in all parts of the country have consistently told me of the havoc which the virus of late payment has caused many medium-sized and small businesses throughout the recession.

Research has confirmed these reports. One recent study told us that at any one time at least £15bn worth of trade debts to small and medium-sized businesses were overdue. This translates into a daily additional interest charge of more than £1m.

The problem seems a peculiarly British one. Many other countries already provide an automatic right to interest on overdue payments. A recent study revealed that payments in Germany are on average made two and a half times more promptly than in the UK.

The present state of British law makes no sense. If a business chasing a debt commences legal proceedings, a right to interest then dates back to the date on which payment was due. But without legal proceedings, in the absence of a specific contractual term, there is no such right. It is now 100 years since the judges of the House of Lords suggested legislation could be enacted to remove this anomaly. Judges have rightly described the present law as unjust.

The problem hits small businesses hardest. These businesses

account for 17 per cent of gross domestic product. Perhaps even more significantly, they provide 35 per cent of private sector employment. They are, despite the effects of the recession, a dynamic sector of the economy which we must foster during the recovery.

Small businesses are more heavily dependent than large ones on borrowing to finance working

capital. They have a minimum of administration, and the burden of chasing late payment is a distraction for management. Sometimes they are part of a vicious circle, forced to pay late because they are not being paid by their customers.

Government and industry acknowledge the problem. In the last Budget it was proposed that public companies should disclose

their payment terms in their accounts. The Confederation of British Industry introduced its payment code more than a year ago, yet still many businesses and, indeed, sometimes central and local government, fail to comply properly with their contractual obligations.

I believe the root cause of the problem is cultural. Too many businesses consider it acceptable, and some even consider it astute practice, not to pay their bills on time. Lack of sanction against conduct of this kind positively encourages such behaviour.

I sense a wider recognition that legislation is now needed to change the culture. More business groups, such as the Forum for Private Business, are arguing for a right of interest, and an increasing number of banks supports the idea. A recent cross-party survey of MPs suggested that 83 per cent thought the time had come for a statutory right to interest on debts paid late.

What are the objections? Some say there is no point in encouraging litigation or clogging up the courts. I do not see this as a likely effect of any change. What it would do, as

has legislation in the equal opportunities and race relations fields, is give a strong impetus to a change in culture. An automatic right to interest would act as a practical disincentive to late payment.

It is sometimes also said that dominant purchasers would respond by extending the credit period. Some might try to. But if large suppliers adopted this cynical tactic, adverse publicity would quickly follow. Neither would compliance impose an inappropriate burden on business. Only those that failed to honour their obligations would suffer a cost.

Such a law could operate simply and clearly. There is a clear precedent in the inland Revenue's right to interest on overdue tax. There is surely the same basic fairness in ensuring contractual debts due to businesses are paid on time or, if not, that compensation is made.

Lord Alexander of Weendon QC

The author is chairman of National Westminster Bank

Paying the piper

■ Impoverished east Germans turned into Norddeutscher Rundfunk radio station yesterday to hear the cheerful tidings that the 46 directors of the Treuhand agency were allegedly earning DM379,000 apiece, just DM151,000 less than Chancellor Helmut Kohl.

At DM242,000 with cars and housing thrown in, the 136 heads of department are apparently not exactly on the breadline either.

In the popular mind, the agency charged with privatising and restructuring east German industry goes down as the *fons et origo* of almost every conceivable economic ill in the region.

In fact, its officials work incredibly long hours, putting up with all manner of criticism, particularly should they appear to be flopping cheap east German enterprises to their plutocratic western friends.

But tell that to the average citizen, let alone the 35 per cent of the labour force that are either without work or on job creation schemes.

No doubt relieved that the end of its task is in sight - the agency is due to be wound up some time in the middle of next year - the Treuhand spluttered yesterday that it was "totally incomprehensible why NDR has released these sorts

of figures which are simply not right".

Hacked down

■ The latest victim of hubris, the pride that comes before a fall, is Britain's Liberal Democrat party.

Boasting of its high place in national attention, its president Charles Kennedy cited as evidence that more top newspapers' political editors had gone to the party's Torquay conference than had opted to accompany John Major to Tokyo. That was on Monday.

Alas, today, by the time party leader Paddy Ashdown rises to make his big speech, many if not most of the said high hacks will be gone elsewhere. So, moreover, will be one of the Lib Dems' grade-1 eggheads, Lord Holme - although he, at least, isn't being drawn away by rival political attractions.

He is jettisoned off of Torquay to Prague for the opening of an English college for Czech students.

Face of fortune

■ The Fates have looked kindly, however, on the birth of the Labour-supporting quarterly journal, *New Century*, which is backed by the Unity Trust Bank, majority-owned by trade unions.

True, the magazine's planners might have picked a better time for the launch as far as public interest in leftist politics is

concerned. But they certainly struck lucky with the cover picture they chose well ahead for the first number - Boris Yeltsin.



concerned. But they certainly struck lucky with the cover picture they chose well ahead for the first number - Boris Yeltsin.

Rods for his back

■ John Major may have been tucked away in Kuala Lumpur when Russia descended into turmoil - but he still managed to trump other western leaders as the first to back President Boris Yeltsin with a statesmanlike, even eloquent, response.

Back in London, the Foreign Office is crowing with delight - and not backward in claiming much

of the credit. For it appears that Major's statements were the product of labours into the wee hours by Whitehall's two top Russia experts - the "two Rods" who were on the PM's Asian trip.

Foreign policy adviser Sir Rodric Braithwaite returned to London only last year after four years as ambassador to Russia, while Roderic Lyne, one of Major's private secretaries, was head of what was then the Soviet department of the FCO between 1980 and 1992.

The PM, who has recklessly promised to dispense with speech-writers for the party conference, might at least powder the value of shrewd advice.

Pardon

■ Anglo-French rivalries have flared up again - this time over the vexed issue of EC airline subsidies. At an EC hearing in Brussels last week on allegations of unfair infusion of public money into the airline business, Bernard Attali, the chairman of Air France, upset Sir Michael Bishop, chairman of British Midland, by insisting on speaking in French. Sir Michael - a persistent critic of government bail-outs for loss-makers in the air - insisted that this breached an informal agreement that participants would speak English.

This, says non-linguist Sir Michael, is to save the cost of interpreters. Unfortunately, Bernard's adherence to French meant that

Sir Michael didn't know whether the Air France boss was for or against British Midland's line on subsidies. "I have a feeling, however," he adds, "that he may not have been on our side."

What a sell

■ A London banker on the phone to a senior treasury dealer in Moscow yesterday was discussing a series of bonds (the Vnesheconombank (foreign economic affairs bank) plans to issue later this year. The bonds are in favour of CIS enterprises whose accounts the bank froze almost two years ago and some international financial institutions are apparently eager to trade these rather dubious bits of paper. Hence the disappointment of the banker in question on being informed that settlement and registration details had still not been finalised. "In any event," the dealer explained, "we have to clear our long position in presidents before anything is decided about the bonds."

High density

■ Interesting to see the Sony Pictures High Definition Center in California admit that its appointment of Richard West as general manager is "a move to further solidify the management structure". Let's hope it won't now congeal its operations altogether.

Iberia may close Miami hub in drive to cut costs

WINNIES TOO TOUGH, ON PAGE

Like his predecessor, he believes that Iberia will be unable to escape the creation of larger airlines in Europe -

The government injected Pta120bn into the airline last year and Mr Saez said he did not expect any more aid from the state.

products that are fashionable but durable.

Lord Wolfson, chairman, said Next was no longer targeted at "25-year-old Porsche-

However, Schroders acted as lead adviser to the UK government on the sale of the water industry, and the firm's international experience in utility privatisation appears

Beyond that, the structure of the sale remains uncertain. Much will depend on forthcoming electricity market regulation and the outcome of the elections, which may result in

Salomon is advising Matav, the telecommunications company, on the sale of a minority shareholding.

Mersey Docks, which says the takeover should enhance earnings next year, is forecasting pre-tax profits of at least £19m this year, compared with £15.2m last year, and a final dividend of 6.15p to give 9p for the year - a 20 per cent increase on 1992.

The interim dividend was tripled to 1.5p, from earnings which increased to 5.5p a share from 2p.

per cent stake in CBR, unexpectedly brought forward announcement of its interim results to today.

CBR's shares were suspended at lunchtime yesterday at BFr11.475, against

Only this week, Lafarge Coppée, the French cement company, denied it was interested in CFB.

The group said that virtually all of the decline in new

operating profits from FFr511m to FFr547m, while total operating profits for all of the divisions combined fell from FFr3.8bn to FFr3.44bn.

The latest figures should pro-


International, an investment group dominated by the Agnelli family, for an undisclosed price.

Mercer International will invest more than DM80m over the next three years. The purchase price was not disclosed.

AMSTERDAM


TREASURY BOND MARKET

*welcomes as
a special member*



**Goldman Sachs
International Limited**

A member of The Securities
and Futures Authority



**AMSTERDAM
STOCK EXCHANGE**

ATM, THE LIQUID MARKET FOR DUTCH TREASURY BONDS

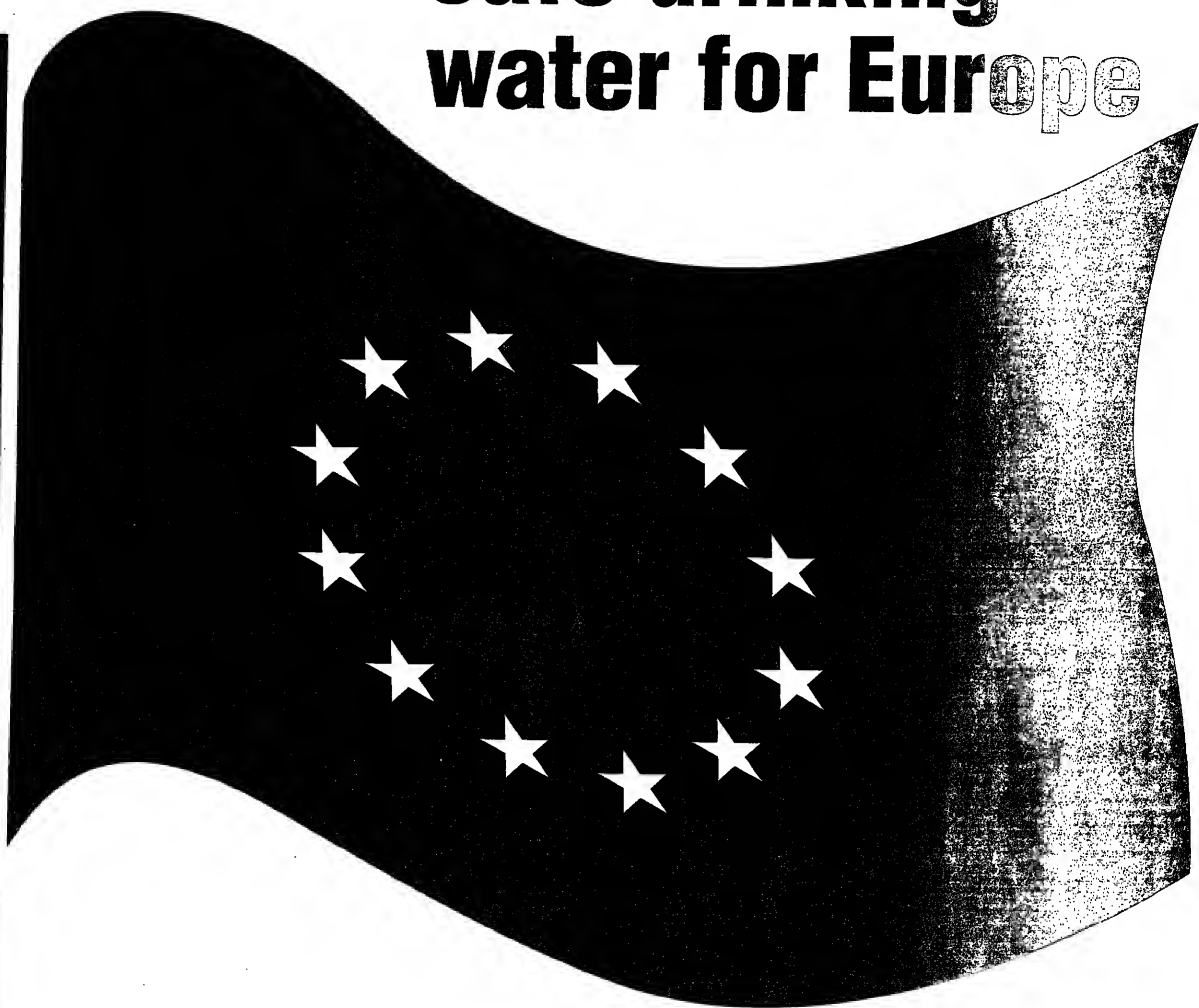

ECU Terinvest PLC
 20 Cheapside Place
 Beigravia
 London SW1X 8HL
 Tel: +71 245 0088

FUTURES & OPTIONS BROKERS
\$32 ROUND

Conference on Drinking Water, organised by the Commission of the European Communities in Brussels on September 23-24, 1993.



Safe drinking water for Europe



Science-based standards for drinking water – the only way to achieve this objective.



European Crop Protection Association and its members

ell-off role
Currency changes take toll on BSN
AMSTERDAM BOND MARKET
Goldman Sachs International Limited
\$32

INTERNATIONAL COMPANIES AND FINANCE

French retailing group in sharp six-month fall

By John Riddling in Paris

PINAULT-PRINTemps, the French retailing and distribution group, yesterday announced net profits of FF189m (\$33m) in the first six months of the year, a sharp fall from the FF330m reported in the first half of 1992.

The company, which includes the Printemps department stores and the Conforama furniture chain, also suffered a decline in operating income, from FF1.38bn to FF1.88bn in the first half. Sales fell from FF35.38bn to FF30.88bn.

The group described 1993 as a difficult year as a result of the recession in France. However, it said that retail operations had shown strong resistance to the economic climate and forecast an operating profit of more than FF27m for the year as a whole.

US mill plan by Canadian steelmaker

A THIRD Canadian steelmaker, Ipsco, has decided to build a mini-mill in the US at a capital cost of \$430m (\$527.2m). It will have annual capacity of 1m tonnes of light-to-medium plate and hot-rolled coil, writes Robert Gibbons in Montreal.

Ipsco, based in Regina, Saskatchewan, is western Canada's principal steelmaker with annual capacity of 804,000 tonnes of specialty products. It earned \$15.5m, or 38 cents a share, in 1992, on sales of nearly \$500m.

Co-Steel, of Toronto, has operated a mini-mill in the US for more than 20 years and has teamed up with Dofasco, Canada's biggest integrated steelmaker, in a new mini-mill now being built in Kentucky. Ipsco has yet to finalise a location for its mill but it may choose Kentucky.

Trade starts in Grupo Tribasa on NYSE

By Damian Fraser in Mexico City

GRUPO TRIBASA, Mexico's second-largest construction company, started trading on the New York Stock Exchange yesterday after making an initial public offering of \$28m in international markets, about a third of total capital.

The offering was priced at \$15.50 per American depositary receipt (ADR), at the low end of the price range of \$15-\$17. One underwriter commented that, given the weakness in the Mexican stock market - which from September 8 to September 21 fell nearly 9 per cent - there was little option but to price the issue competitively.

The US took 50 per cent of the shares, Europe 30 per cent and Mexico 20 per cent. The underwriter said the offering was over-subscribed in all markets. If underwriters take up the option to buy more shares, the total value of the offering would rise to over \$300m.

Tribasa is the second Mexican construction company to be traded on the NYSE, following in the steps of Empresas ICA, the country's largest construction group. The \$15.50 price per ADR values Tribasa at about 9.3 times prospective earnings, against current value of around 10.3 for ICA.

Tribasa earned about 80 per cent of its revenues from the construction of Mexico's toll roads last year, far more than ICA. With the road programme in some financial trouble, and the Mexican government unlikely to grant many more toll road concessions over the next year, Tribasa is keen to expand into other areas, such as building water and electricity power plants.

The company is planning to sell bonds backed by some of its more profitable toll roads in the near future. Assuming the Mexican government's imminent offer of bonds backed by the state-owned Cuernavaca road is a success, Tribasa will try to securitise its Ecatepec-Pyramides, and Chamapa-La Venta roads near Mexico City.

Daimler-Benz pierces accounting mystique

David Waller on the release of German and US figures before a New York listing

IF ACCOUNTING is the language of business, the American and German versions of accounting are as different as mandarin Chinese and English.

Looking at the figures which Daimler-Benz, Germany's biggest industrial company, published in both German and US accounting language last week, it is difficult to imagine how the two versions refer to the same company.

Under US Generally Accepted Accounting Principles (GAAP), Daimler made a loss of DM949m (\$588m). Under German rules, the automobiles-to-aircraft group made a profit of DM168m. The gap is likely to widen in the second half, and for the year as a whole the group is likely to report a German profit of DM1bn and a US loss of DM22m.

Examining the two versions of the figures goes beyond consideration of abuse accounting rules. It raises questions about Daimler's underlying financial performance and calls into question the assumptions which have driven the strong rise in the German stock market this year.

Daimler released German and US figures in tandem last Friday in order to comply with New York Stock Exchange regulations before the company's listing on the world's largest capital market on October 5. It will be the first German company to be listed there.

For decades German compa-

nies have refused to come to the US market for the very reason that they did not want to make the financial disclosures required under GAAP. Scrutinising the Daimler figures, it is not difficult to see why, as they

this conservatism served to deflate profits and balance sheet assets.

By contrast, US and UK rules give companies the freedom to present a "true and fair" view of business performance. This is designed to ensure that shareholders are kept in the picture (not a priority in Germany), but the flexibility of UK accounting has often been exploited by management to present an exaggeratedly favourable picture of underlying business performance.

Thus, if valuations of German shares were a little higher than of US or UK companies in the same sector, the investment risk was offset by the conservatism of the numbers on which the valuations were based. In theory.

Daimler's latest disclosures do indeed show that the group's balance sheet has consistently been understated under German rules.

How the hidden reserves, and shareholders' equity in Daimler's balance sheet grows from DM18.5bn at the end of June under German rules, to DM28.2bn under US rules.

However, the detailed figures also reveal that Daimler only made a profit under German rules because of release of provisions from hitherto hidden reserves.

In the first half some DM1.62bn of "changes in appropriated retained earnings", as this is euphemisti-

cally called, flowed from the balance sheet to the benefit of the German profit and loss account.

In other words, it was nonsense to think that US GAAP would expose the hidden profit.

For decades German companies have refused to come to the US market for the very reason that they did not want to make the financial disclosures required under GAAP.

ability of the big German company, quite the opposite.

These revelations make Daimler's shares look more, rather than less, expensive before the listing on the NYSE. This is especially the case when the shares are compared with those of big US automobile manufacturers - now possible because Daimler and General Motors are speaking the same accounting language.

While the shares of the US "big three" - GM, Chrysler and Ford - are on a multiple of seven times 1993 prospective earnings, Daimler's shares trade on 15 times US GAAP earnings of DM48 a share. The forecast comes from a 285-page buy note put out by Goldman Sachs this week. The US investment bank is advising Daimler on its NYSE listing.

The argument that Daimler's structure as "diversified tech-

nology concern" justifies a higher rating than the German company's US peers is difficult to defend: the Mercedes-Benz luxury car subsidiary accounted for 67 per cent of last year's sales and 112 per cent of profits.

In other words, the spate of acquisitions in recent years has reduced the group's profitability and, if anything, should justify a lower rating than for a pure car and trucks group.

If the accounting revelations make Daimler's shares look expensive, the same is true for the German stock market as a whole. The DAX index of 30 leading shares has risen by 33 per cent this year to 1,383, much of the increase in the last three months. Valuations are already giddily high - German industrial companies are trading at 26 times 1993 and 19 times 1994 earnings. Factor in a discount for the true earnings position as would be revealed if every component of the DAX 30 sought a US listing, and the valuations are even ambitious.

Of course, investors have not bought German shares because of this year's earnings outlook. They are buying on the assumption that there will be a massive recovery in profits next year and in 1995. That assumption is not completely undermined by the Daimler disclosures. It is just that the turnaround next year and the year after has to be that much more convincing to justify today's prices.

Belgian and French groups make large-scale job cuts

By Andrew Hill in Brussels and John Riddling

GIB GROUP, the retailer which is Belgium's biggest private-sector employer, is to cut 3,300 full-time jobs in its nationwide supermarket chain over the next three years.

The news came as another of Europe's big employers, Automobiles Peugeot, confirmed that it would be cutting its workforce by about 7 per cent by the end of next year. Yesterday's announcement

from GIB came as the Belgian government, unions and employers prepared for a testing round of talks aimed at restoring the competitiveness of Belgian companies. If the talks fail, the country's fragile centre-left coalition could fall.

GIB said 4,600 of the 17,000 full-time and part-time employees of the GIB supermarket chain would lose their jobs. Most of those will be encouraged to take early retirement, or will simply not be replaced if they leave the group. The

company said the cuts in its supermarket activities would free Bf50bn (\$144.5m) of new funds.

GIB has blamed increased competition and increasingly high wage costs for putting the chain's future in jeopardy, in spite of cost-cutting over the last three years.

Overall, GIB employs just over 57,000 people directly, and 70,000 including franchisees. Its activities include specialised retailing, do-it-yourself shops and fast food restaurants.

In France, Automobiles Peugeot, part of the Peugeot-Citroen car group, said its cost-cutting plan would involve the loss of 4,600 jobs.

The decision, which was prompted by the depressed state of this European car market, is the latest in a series of job cuts by French industry. The past week has seen the announcement of more than 15,000 job losses, mainly by publicly-owned companies, prompting Mr Edouard Balladur, the prime minister, to

urge restraint on the part of industry.

At Peugeot, the planned cuts included 2,647 jobs at the company's Mulhouse, Sochaux, Illuz, Sept Fours and St Etienne plants.

At Peissy, to the west of Paris, where the Peugeot 306 is manufactured, there will be 1,476 job losses. Industry analysts said they expected further job cuts at French car and component manufacturers over the next few months.

THE KOREA-EUROPE FUND LIMITED			
PRELIMINARY RESULTS			
At a meeting of the Board held today, the Directors of The Korea-Europe Fund Limited decided to recommend the payment of a final dividend of 1.50 cents net per share for the year ended 30 June 1993 on the shares of the Company.			
The preliminary results are as follows (subject to audit):			
	1992	1993	
	5000	5000	
Investment Income:			
Dividends	3,040	2,791	
Interest	519	25	
	3,559	2,816	
Deposits Interest	40	36	
Total Revenue	3,599	2,852	
Administrative Expenses	1,866	1,852	
Revenue before Taxation	1,733	1,000	
Taxation	610	468	
Revenue available for Shareholders	1,123	532	
Amount absorbed by dividend	430	172	
Earnings per share	2.22 cents	1.06 cents	
Dividend for the year per share	1.50 cents	0.50 cents	
Net Asset Value per \$0.10 share	\$5.51	\$4.92	

The recommended dividend is the minimum that the company should pay in order to qualify for Inland Revenue approval as an investment trust for the year ended 30 June 1993. The Company's taxation position restricts the amount of the advance corporation tax on its dividends that may subsequently be recovered and a dividend higher than the recommended dividend would result in further irrecoverable advance corporation tax becoming payable.

During the year to the end of June 1993, the net asset value of The Korea-Europe Fund rose by 14.3 per cent compared to a rise in the KSE Composite Stock Price Index in US Dollar terms of 33.7 per cent. This underperformance was largely due to the Company's overweighting in smaller companies which had been responsible for the significant outperformance over the same period last year. The directors believe that those companies still represent the best fundamental value available.

Annual General Meeting: Thursday 11 November 1993 at the Company's registered office: Bedford House, St Julian's Avenue, St Peter Port, Guernsey Channel Islands

Dividend Warrants (subject to confirmation of the dividend at the Annual General Meeting): despatched 17 November 1993

Payment date: 18 November 1993

Transfer must be lodged by 2.30 pm on: 28 October 1993

Ex-Dividend Date: 18 October 1993

The Annual Report and Accounts will be sent by mail to holders of registered shares at their registered addresses. Copies of the Annual Report will be made available to holders of depositary warrants and to the public at the Company's place of business in England.

Senior House, 85 Queen Victoria Street, London EC4V 4EJ

Enquiries: Schroder Investment Management Limited (071 382 6742)

John P. Bainbridge

Alliance & Leicester Building Society			
Floating Rate Notes due 1997			
For the interest period 20th September, 1993 to 20th December, 1993, the Notes will carry a rate of interest of 6.125% per annum with interest amounts of \$152.71 per \$100,000 and \$1,527.05 per \$1,000,000, payable on 20th December, 1993.			
Lenders to the Leasing Trust Stock Exchange.			
BANKERS TRUST COMPANY, LONDON, AGENT BANK.			

ALLIANCE & LEICESTER			
Alliance & Leicester Building Society			
Floating Rate Notes due 1997			
For the interest period 20th September, 1993 to 20th December, 1993, the Notes will carry a rate of interest of 6.125% per annum with interest amounts of \$152.71 per \$100,000 and \$1,527.05 per \$1,000,000, payable on 20th December, 1993.			
Lenders to the Leasing Trust Stock Exchange.			
BANKERS TRUST COMPANY, LONDON, AGENT BANK.			

AMSTERDAM
TREASURY BOND MARKET

welcomes as
a special member

NOMURA
Nomura International plc

A member of The Securities and Futures Authority

ATM, THE LIQUID MARKET FOR DUTCH TREASURY BONDS

HENDERSON UNIT TRUST MANAGEMENT LIMITED
(Member of IMRO and Laster)

Announce with effect from 22nd September 1993, HENDERSON TR SMALLER COMPANIES FUND has been merged following an approved Scheme of Arrangement into HENDERSON TR SPECIAL OPPORTUNITIES FUND.

Holders of Henderson TR Smaller Companies Fund income units will receive 0.671139 income units in Henderson TR Special Opportunities Fund for every income unit held.

The merged fund has been renamed Henderson UK Smaller Companies Trust.

071 410 4104

RIGGS NATIONAL CORPORATION
US \$80,000,000

FLOATING RATE SUBORDINATED NOTES DUE 1996

In accordance with the provisions of the Notes, notice is hereby given that for the period 22 September 1993 to 22 December 1993 the Notes will carry a rate of interest of 6.75% per annum with a coupon amount of US\$ 12.71.

September 23, 1993, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

CONTRACTS & TENDERS

INVITATION FOR BIDS

Loan No: 2602 TU
File No: 93 MYD/648
Date of Issuance: 23/9/1993
Bid Submission Date: 9/11/1993

1. The TURKISH ELECTRICITY AUTHORITY, hereinafter referred to as TEK, has received a loan amounting to 140,000,000 USD from the WORLD BANK in various currencies towards the cost of Power Systems Operations Assistance Project and part of the proceeds of this loan will be applied to eligible payments under the Contract(s) for which this Invitation For Bids is issued.

2. The TURKISH ELECTRICITY AUTHORITY now invites sealed bids from eligible Bidders for supply of forklift for 3/6 Tons and Teleskopik Lift for 12/18 Meters working height.

All the above equipment shall be supplied according to the Bidding Documents. Each bidder may submit a bid for any items of instruments or combination of items. All bids and combination of bids shall be opened and evaluated simultaneously in order to determine the bid or combination of bids offering the total advantageous solution for TEK. The bidders shall be allowed to offer a discount price for the combination of the contract.

3. Interested eligible Bidders may obtain further information from and inspect the Bidding Documents at the office of: TURKISH ELECTRICITY AUTHORITY General Management Foreign Trade Affairs Department İnönü Bulvarı No: 27 Kat: 23 Bahçelievler/Şişli ANKARA/TURKEY Tel: 42245 tek tr

4. A complete set of Bidding Documents may be purchased by any interested eligible Bidder on the submission of a written application to the above office and upon payment of a non-refundable fee of 380 USD or 4,500,000 TL (including VAT) at the following address: TURKISH ELECTRICITY AUTHORITY General Management Department of Finance İnönü Bulvarı No: 27 Kat: 4 Bahçelievler/Şişli ANKARA/TURKEY

Those Bids submitted by the Bidders who did not purchase the Bidding Documents shall be rejected.

5. All bids must be accompanied by a bid security in an acceptable form of not less than 3% (three percent) of the bid price and must be delivered to the above office on or before 12.00 hours on 9/11/1993

6. Bids will be opened in the presence of those Bidders' representatives who choose to attend at 14.00 hours on 9/11/1993 at the office.

TURKISH ELECTRICITY AUTHORITY General Management Procurement Commission İnönü Bulvarı No: 27 Entrance Floor Block A Bahçelievler/Şişli ANKARA/TURKEY

7. **BILL OF MATERIALS**
Forklift for 3 ton Quantity 9
Forklift for 6 ton Quantity 25
Teleskopik Lift for 12 meter working height Quantity 40
Teleskopik Lift for 18 meter working height Quantity 28

ANZ Bank
Australia and New Zealand
Banking Group Limited
Australian Company Number 005 357 522
(Incorporated with limited liability in the State of Victoria, Australia)

U.S. \$125,000,000
Floating Rate Notes due 1995

Notice is hereby given that for the Interest Period 22nd September, 1993 to 22nd March, 1994 the Notes will carry a Rate of Interest of 3.04063 per cent. per annum with an Amount of Interest of U.S. \$183.04 per U.S. \$100,000 Note and U.S. \$1,830.43 per U.S. \$1,000,000 Note. The relevant Interest Payment Date will be 22nd March, 1994.

Bankers Trust Company, London Agent Bank

Over 201,000 Global System...
PC QUOTE
64KB HYPERFEED

U.S. \$100,000,000
BBL (Cayman) Limited
(Incorporated in the Cayman Islands with limited liability)
Guaranteed Floating Rate Notes Due 2000
Unconditionally guaranteed by

Bangkok Bank Limited
(Incorporated with limited liability in the Kingdom of Thailand)
Notice is hereby given that the interest payable on the relevant Interest Payment Date, October 21, 1993 for the period April 21, 1993 to October 21, 1993 against Coupon No. 17 in respect of U.S. \$100,000 nominal of the Notes will be US\$266.87.

September 22, 1993, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

FUTURELINK
The fastest, most reliable, cost effective real time FUTURES, FOREX and LEADS services available via FTS within London.

LONDON CALL HYETRON 071 972 9773 PARIS 01 40 41 93 43

CITICORP
U.S. \$250,000,000
Floating Rate Subordinated Capital Notes Due September 1996

Notice is hereby given that the Rate of Interest has been fixed at 5.25% and that the interest payable on the relevant Interest Payment Date March 22nd, 1994 against Coupon No. 37 in respect of US\$50,000 nominal of the Notes will be US\$663.54 and in respect of US\$100,000 nominal of the Notes will be US\$1,327.11.

September 23, 1993, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

AJS Exportfinance
(Incorporated in the Republic of Norway with limited liability)
US\$100,000,000 Senior/Subordinated Notes due 2002

Notice is hereby given that the Rate of Interest has been fixed at 5.125% and that the interest payable on the relevant Interest Payment Date March 22nd, 1994 against Coupon No. 3 in respect of \$1,000 Nominal of the Notes will be \$257.57 and in respect of \$100,000 Nominal of the Notes will be \$25,757.44.

September 23, 1993, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

INTERNATIONAL CAPITAL MARKETS

Prices see-saw as traders take cue from Moscow

By Corinne Middelmann in London and Patrick Harverson in New York

EUROPEAN bond markets had another volatile day, shifting at the start, then clawing back most of their losses through the session, only to slip again in after-hours futures trading. Prices were buffeted by the Russian crisis, and continuing uncertainty there is expected

GOVERNMENT BONDS

to keep activity choppy in the next few days. Investor selling was limited, however. "Some positions were liquidated, but there was no panic selling," said Mr John Hall, European economist at Swiss Bank Corporation.

Indeed, many investors used the early falls as a buying opportunity, traders said. "Most people have adopted a wait-and-see stance and won't do anything drastic until the picture clears up in Russia," said a London trader.

GERMAN bonds had an active session, with the Bund contract on Liffe hitting record

volumes at over 164,000 contracts, up from the previous peak of 147,803 on March 4.

Traders marked down prices early, but Bunds recovered during the day on the growing perception that Mr Boris Yeltsin was gaining the upper hand in the Russian power struggle. Sentiment was lifted by reports that the Russian military would support Yeltsin, reducing the threat of civil war.

However, in after-hours trading, the Bund future sold off sharply as short-term traders took profits. Moreover, many dealers were reluctant to hold long positions overnight. Germany's strong political and economic ties with the former Soviet Union makes its markets particularly vulnerable to turmoil there.

FRENCH bonds took their cue from Bunds, recouping early losses and easing back late in the day. Most investors remained on the sidelines, leaving the market largely in the hands of futures traders.

The government's announcement of the 1994 budget had no effect on bond prices. "It contained no surprises, and was relatively small news com-

FT FIXED INTEREST INDICES

	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Year	High	Low
GovtSec (UK)	101.28	101.28	101.57	101.57	101.57	101.57	101.57	101.57	101.57	101.57	101.57
Fixed Interest	122.55	122.55	123.01	123.01	123.01	123.01	123.01	123.01	123.01	123.01	123.01
State 100 Government Securities	101.28	101.28	101.57	101.57	101.57	101.57	101.57	101.57	101.57	101.57	101.57
State 100 Government Securities	101.28	101.28	101.57	101.57	101.57	101.57	101.57	101.57	101.57	101.57	101.57
Fixed Interest High since completion: 123.20 (1992), low 101.57 (1991)											

OIL EDGED ACTIVITY

	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Year	High	Low
Oil Edged Barrels	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8
Oil Edged Barrels	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8
Oil Edged Barrels	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8
Oil Edged Barrels	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8	112.8

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

Oil activity indices released 1974

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA	8.500	09/03	115.0339	-0.434	6.82	6.88	6.84
BEARLUM	8.000	03/03	111.7000	-0.280	7.26	7.10	7.11
CANADA	7.500	12/03	102.4550	+0.220	6.72	6.87	6.98
DENMARK	8.000	05/03	108.3500	+0.250	6.79	6.87	6.72
FRANCE	5.750	11/08	100.4007	+0.144	5.65	5.71	5.79
FRANCE	6.750	10/03	104.8950	-0.170	6.11	6.18	6.39
GERMANY	8.500	07/03	102.7650	-0.490	6.12	6.22	6.32
ITALY	10.000	09/03	102.8450	-0.050	6.94	6.98	10.23
JAPAN	4.800	09/08	105.5495	-0.054	3.44	3.60	3.71
JAPAN	4.300	04/03	103.7071	-0.154	3.96	4.19	4.27
NETHERLANDS	7.000	09/03	107.3500	-0.030	6.59	6.64	6.10
SPAIN	10.000	09/03	110.7000	+0.100	6.10	6.29	6.40
UK GILTS	7.250	03/08	103.00	-0.01	6.41	6.44	6.38
UK GILTS	7.000	09/03	109.19	-0.01	7.05	7.04	6.95
UK GILTS	6.000	10/08	114.25	-0.29	7.37	7.35	7.34
US TREASURY	5.750	09/03	102.06	-0.78	5.45	5.46	5.39
US TREASURY	6.250	09/03	101.29	-0.92	6.11	6.08	6.20
ECU (French Govt)	8.000	04/03	105.5300	-0.430	6.70	6.68	6.63

London closing. * denotes New York morning session. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents).

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Prices are in UK £100 units, unless otherwise stated.

Italy appoints US handlers for bank flotations

By Haig Simonian in Milan

COMPANY NEWS: UK AND IRELAND

Improved UK orders expected to make up for France and Belgium

Recovery for More O'Ferrall

By Catherine Milton

THE REVERSAL of a two-year decline in its main markets helped More O'Ferrall, the hoardings and bus shelter advertising company, more than double pre-tax profits from £306,000 to £2,068,000 in the six months to June 30.

Sales at the company, which has operations in the UK, the Irish Republic, France, Belgium and Taiwan, climbed to £31.6m (£28.6m) in spite of the sale of two US businesses at the beginning of this year.

The shares rose 25p to close at 330p.

Mr Brian Turnbull, finance director, said: "Most of our revenue and operating profits are earned in the second half of the year. The downward trend seen in 1991 and 1992 has been reversed and the company is

now growing and growing profitably."

Mr Russell Gore-Andrews, chairman, said: "The position in the UK improved in the second quarter. In the third quarter that improvement was maintained."

"It is still a market which is patchy and the all-important fourth quarter at this stage is still wide open."

He added that the improved level of orders in the UK should compensate for any shortfalls in France and Belgium.

The company is watching developments in the planned privatisation of London Transport Advertising, the London Transport department which is the capital's largest poster contractor and generates sales of £23m a year.

"They would certainly offer a

very interesting opening in the London market", said Mr Gore-Andrews, adding that the company's bus shelter business would not be affected.

Mr Gore-Andrews said tobacco advertising now accounted for 7 per cent of turnover in Belgium and about 6 per cent in Britain, but the company had acted to minimise the impact of any possible ban throughout Europe.

"The job of our marketing has been to broaden the base of customer demand in all our markets, so that we are not too dependent on one sector."

Currency fluctuations translated revenue falls in local currencies into revenue gains in sterling in both France and Belgium.

The Belgian business turned in operating profits down to £1.1m (£1.3m), in spite of an

increase in sites. Turnover was £6.15m (£5.49m).

Mr Turnbull said last year's "fairly drastic cost cutting measures" had helped the French activities lift operating profits to £603,000 (£263,000) on turnover of £6.3m (£5.42m).

Operations in Taiwan posted a "useful" £148,000 operating profit against last time's £28,000 loss. Turnover was £494,000 (£1.23m).

In the UK and Ireland, the company's main market, a sales increase to £18.7m (£16.5m) resulted in an operating profit of £983,000 (£241,000), with the number of sites increased by 170.

Interest charges fell to £74,000 (£87,000).

The interim dividend is unchanged at 3.2p, payable from earnings per share ahead to 4.4p (2.1p).

Offshoot sale lifts Tilbury Douglas

By Maggie Urry

TILBURY DOUGLAS, the construction group, lifted interim pre-tax profits from £6.98m to £12.8m, with the help of a £5.78m profit on the sale of a subsidiary. The shares were unchanged at 585p.

Mr Michael Botter, chief executive, said trading conditions were difficult in the first half although there were now signs of a slow recovery in the UK.

The group is "avidly" searching for acquisitions, he said, and has net cash of £14.4m - up from £4.83m a year earlier and £6.94m in the 1992 balance sheet - following the sale of Douglas Concrete and Aggregates in May for £14.7m, which gave a net cash benefit of £10.8m.

Mr Botter said work in hand in the construction division was about the same as a year ago, although there had been an increase in the proportion coming from overseas from 3 to 12 per cent.

Margins were better in places such as the Middle and Far East than in the UK, he said, and the group aims to increase further the proportion of its overseas work.

In the UK, he saw little sign of recovery in mainstream contracting until towards the end of 1994. However, some specialist areas, such as heavy electrical contracting and process engineering were good.

Others, such as interior contracting, largely for the big retail groups, and piling and foundation work, both of which had suffered in the first half, were now enjoying a busy period.

The group's Scottish house-building business had a good first quarter. Although business dropped off in the second quarter, it had revived again since the end of June.

Group turnover was down 11 per cent at £189.3m, with that from continuing operations down a similar percentage at £186.2m. Pre-interest profits from continuing operations fell 34 per cent to £23.3m, with Douglas Concrete contributing £506,000 (£252,000). Associates made £348,000 (£28,000).

Interest received rose from £1.56m to £1.94m. Earnings per share, boosted by the Douglas Concrete sale, rose from 13.9p to 28.9p. The interim dividend is maintained at 10.5p.

PizzaExpress at £1.42m and continues expansion

By Catherine Milton

PIZZAEXPRESS sold more than 3m of its upmarket pizzas in the 134 days between coming to the market via a reverse takeover in February and its June 30 year end, helping the company to lift pre-tax profits from £119,000 to £1.42m for the year.

In spite of improved earnings per share of 4.7p (1.9p), the board is not recommending a final dividend as promised at the time of flotation because High Court permission to dip into reserves came too late. Instead, in November, the board is to pay a first interim dividend of 0.5p for the six months to February next year, and is likely to pay another at that stage.

Turnover rose from £7.33m to £15.7m. Mr Peter Boizot, founder of PizzaExpress and non-executive chairman, said: "It's not surprising the company's done well since it's

come from a good base."

The pizza and distribution business achieved sales of £8.22m in the four-and-a-half months since its acquisition by Star Computer, with computing, which the company has now sold, having turnover of £7.51m.

The company, which owns 29 restaurants and franchises 41, aims to fund up to 10 new pizzas annually, and plans to own half the outlets.

Mr David Page, managing director, said the company was "absolutely committed" to the "quality and value" of its pizza. Some suppliers had been changed but only where quality was held and price improved.

Mr Boizot said: "I don't think they have moved that many suppliers. They have changed a rather splendid and unique wine that we had to one that is a little more popular. Maybe that's what pizza eaters want."

Trading in company restaur-

rants had been strong, Mr Page said, with sales up about 8 per cent in the February to August period with both increased customer volume and expenditure per head. There had been a similar pattern in the franchised restaurants.

That improvement had also benefited the wholesale and beer importing divisions.

Net interest received fell to £2,000 (£23,000).

The group has no debt following a rights issue at the time of the flotation and at the year end had net cash of £2.4m.

Since June 30 the restaurants and distribution company has exchanged contracts for the sale of the company business for £2.2m including the repayment of £1.7m interest company debt. PizzaExpress will receive £100,000 in cash and hold 30 per cent of the subsidiary, valued at £400,000, which will retain a three-year buy-back option.

Fleming Chinese ups issue size

By Bethan Hutton

FLEMING Investment Trust Management has increased the issue size of the Fleming Chinese Investment Trust from a maximum of £50m to £60m, after greater than expected demand during the placing stage.

Indications of interest have been received for 45m ordinary shares at 100p, with one warrant attached to every five shares. Up to 15m shares are available through the public offer, which opened yesterday, and closes at 10am on Friday October 8. Dealing is expected to start on October 19.

Expenses for the issue will be capped at 3.5 per cent, and the annual management charge will be approximately 1.45 per cent.

The portfolio will be managed on a day-to-day basis by Jardine Fleming in Hong Kong. It will invest in Chinese companies listed in China and Hong Kong, and non-Chinese companies deriving a large part of their profits or revenues from China.

The number of companies with shares available to foreign investors listed on Chinese stock exchanges is low; demand is high, however, so only a small portion of the fund will initially be invested directly in China.

The fund's objective is capital growth and the shares are not expected to pay a dividend.

Sterling devaluation behind 9% increase at Spirax-Sarco

By David Blackwell

SPIRAX-SARCO Engineering, the steam equipment specialist which makes 75 per cent of its sales overseas, lifted first-half pre-tax profits by 9 per cent from £10.5m to £11.4m on the back of sterling's devaluation.

The group estimated that the change in exchange rates was worth £1.2m on pre-tax profits. Earnings per share were 10 pence ahead at 3.6p (7.9p).

The interim dividend goes up to 6.6p (2.7p), equal to the 1992 final dividend.

In order to reduce advance corporation tax ahead of the November budget, it is offering an alternative enhanced scrip

dividend worth 9.9p per share. It estimates the ACT saving at £1.3m if there is a 90 per cent take-up. UBS will buy back the shares at a minimum value of 9.70p, or 98 per cent of the value.

Mr Chris Tappin, executive chairman, said the group saw no tangible sign of improved trading conditions in its main markets. However, the group's fundamental strengths had enabled it to advance. He defined these as a diverse customer base; a broad geographic spread; a 30 per cent replacement element, and its world market leadership.

Spirax last year made 18 per cent of sales in the UK, 31 per

cent in the Americas, 30 per cent in continental Europe and 21 per cent in Asia and the rest of the world.

Turnover for the half was ahead 11 per cent at £90.8m (£81.4m). The latest figure included £5.3m from the acquisition earlier this year of its Italian licensee and a 25 per cent stake in its Spanish licensee. Last year's figure included £2.7m from the Drayton domestic heating controls business sold in March.

Interest payable fell to £651,000 against £798,000. Net borrowings at the end of June were £24m (£17m at end of December), giving gearing of 30 per cent (20 per cent).

British Gas fined over billing irregularities in Argentina

By John Barham in Buenos Aires

BRITISH GAS, which operates Metrogas, the highest gas distribution company in Argentina, is to be fined between £100,000 (£55,000) and £500,000 by Argentine government regulators for irregularities in billing to consumers.

Mr Raul Garcia, head of Enargas, the regulator, said: "We have noticed very many complaints from clients about excessive billing by Metrogas", and inspectors were investigating. However, an Enargas official said a decision had been made in principle to fine the company but the final decision on the amount would be taken once investigations were completed.

Metrogas, 29 per cent owned by British Gas, was privatised last December in a \$300m cash and debt for equity swap. It distributes gas in

Buenos Aires and nine surrounding districts.

Mr Rob Verrión, Metrogas president, said complaints stemmed from increased consumption during the winter and higher than expected bills because of the introduction of meter reading. Previously, consumption was often under-stated by estimated meter readings. Metrogas said complaints were running at only 3 per cent of the 45,000-80,000 invoices posted daily.

Mr Verrión claimed the investigation was politically motivated. He said elections were due on October 3 and "someone took it into their head to make an issue of this." He said Metrogas was a target as privatised companies were the subject of "many complaints because privatisation was sold as a solution to problems and they're not. They're just the beginning of the solution."

Alumasc rises 5% and makes building products purchase

By Tim Burt

ALUMASC, the manufacturer of beer kegs, precision components and building products, yesterday announced an increase of 5 pence in annual pre-tax profits and the acquisition of MR Holdings for an initial £6.4m.

In the year ended June 30 1993 profits advanced from £7.2m to £7.55m, on turnover reduced to £44.8m, compared with £45.3m.

Mr John McCall, chairman and chief executive, said the increase had been achieved without any improvement in economic conditions or large acquisition activity in the year.

It was mainly through previous restructuring and earlier acquisitions to reduce dependence on the beer keg market, he said.

MR, a privately-owned external wall insulation company, will bolster Alumasc's building products division.

The acquisition will be funded initially by the issue of 730,000 shares, of which 552,000 are being placed with institutional and other investors, and £2.4m cash. Further, profit-related consideration is payable up to a maximum £2.25m cash.

MR made a pre-tax profit of £1.1m from sales of £7.8m in the year to June 30 1993. Mr McCall said the acquisition would enhance the prospects of the building products division, where operating profits fell from £3.6m to £3.1m over the year.

Difficult trading conditions in other parts of the group, such as Eurocor where sales declined 20 per cent to £7m, were offset by growing demand for new beer kegs and increased operating profits in the precision components division.

Demand for kegs helped the container division increase operating profits by £980,000 to £2.5m, while operating profits in components rose 9 per cent to £1.6m. Mr McCall said the improvement in components was achieved in spite of problems associated with customers not taking up expected orders.

Overall, the group's performance benefited from the lower cost base resulting from earlier rationalisation and redundancies, he added. The effect of these measures enabled the company to retain a net cash balance of £5.3m (£3.5m).

Earnings per share rose to 33.9p (31.3p). The final dividend is 8.05p, bringing the total to 11.75p (11p).

It is proposed to subdivide the 25p shares into 12½p to assist marketability. The shares were unchanged at 670p yesterday.

Chemring purchase

Chemring Group has paid \$4.7m (£3.05m) cash for Alloy Surfaces, a Delaware-based maker of pyrotechnic products for military and civil purposes together with wear resistant and anti-corrosion coatings for aero engine components. Vendor was Matec Corporation.

BOARD MEETINGS

FUTURE DATES	
Adrian Converting Equip	Sept. 28
Cambridge Property	Oct. 6
David Brown	Oct. 6
Jacky (William)	Sept. 27
Norman	Nov. 1
Time Products	Oct. 6
Wentworth	Oct. 20
Wentworth	Oct. 20
Berry Webster	Oct. 6

Food ingredients prove the key to healthy growth

Kerry, the Irish food company, looks set to expand into an international force, reports Tim Coone

THE DISTINCTIVE country smells of silage-making and muck-spreading fill one's nostrils on stepping off the commuter aircraft at Kerry airport in the west of Ireland at this time of year.

A patchwork of green fields, lush with tender grass, spreads for miles in every direction. Just up the road, lies Tralee, whose main claim to fame was as a former garrison town for British troops, and where the girlfriend of a lovesick Irishman was to become immortalised in the ballad, "The Rose of Tralee".

Over the past 20 years though, one of Ireland's largest food companies has emerged from this agricultural backwater. It is largely the result of the commitment of 5,000 small dairy farmers and the acumen of its executives who have transformed a small dairy co-operative with turnover of £1m in 1974 into an international food business with an

annual turnover now exceeding £800m (£755m).

The group has emerged as the leader among the quoted Irish food stocks, and the one considered by market analysts most likely to achieve the scale and financial muscle necessary to compete in the international food industry by the end of the decade.

At its annual meeting earlier this year, Mr Denis Brosnan, the managing director, said that the company's five-year plan envisaged it achieving turnover of £1.5bn and profits of about £150m. This would continue the group's now-established trend of doubling turnover and profits every five years.

"Kerry is a steady, consistent company. They lay out their development strategy for a five-year period ahead and then set about achieving it exactly as planned," said Mr Joe Gill, food sector analyst with Rida, the Dublin stockbrokers.

Pre-tax profits for the current year are forecast by Mr Gill to reach some £124.3m following an interim result last month of £123.6m, a 28 per cent increase. He expects earnings per share to reach 20p by 1994, up from 15.8p last year and a forecast 17.5p for 1993.

Key to Kerry's growth and success has been its diversification into meat processing, and more important, into the food ingredients industry.

Mr Brosnan said that in the early 1980s, the group lost 20 per cent of its milk volume because of a brucellosis eradication programme in the company's milk catchment area in Kerry. "At that point we decided to diversify," he said.

An aggressive acquisition programme followed, financed by share issues, borrowings and cash. Milk now forms just 25 per cent of the group's business.

Food ingredients accounted for almost 40 per cent of turnover in the first half of 1993, and is the highest margin and fastest-growing part of the business.

Kerry's main acquisition in this sector took place in 1988 with the purchase of Beaufort in the US, which Mr Brosnan said "produced a major change in our organisation".

Concentrating first in dairy-based food ingredients - large quantities of casein, a by-product of milk processing, are shipped to the US from Kerry's Irish plants - the group has since expanded into other niches of the market to the point where it is now a leading supplier of specialised food ingredients in the US.

And following recent acquisitions in Europe, it is positioning itself well in the EC food ingredients market.

Spending some £24m annually in research and development, Kerry has established itself as a principal supplier to some of the leading conve-

nience and snack-food producers in the US, which have preferred to source from specialist suppliers such as Kerry and cut back their own R&D expenditures on ingredients.

Mr Gill said that "the European snack food market is rapidly consolidating with a small number of [US] companies emerging to dominate the sector... this trend suggests the EC market will evolve to resemble that of the US, where Kerry is already a leading supplier of ingredients to the industry".

Mr Brosnan said he anticipated the group would eventually become a worldwide manufacturer of food ingredients.

In the immediate future the company plans expansion in the US, Latin America and the EC, and possibly the Far East, but will it have the financial wherewithal to maintain the momentum of its exponential growth rate and achieve its next five-year target?

One restraining factor is the

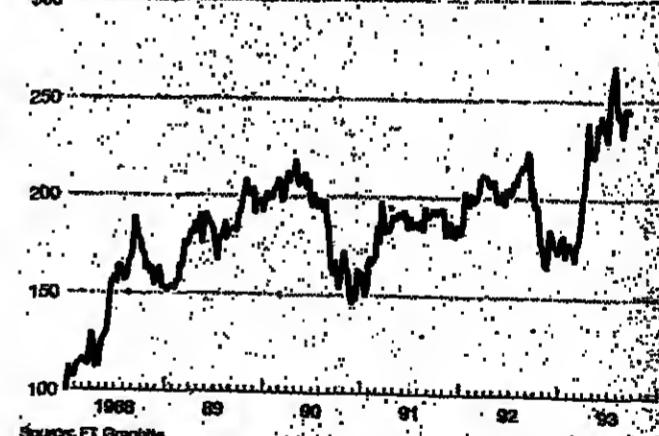
group's hybrid co-operative-pled structure. Some 65 per cent of the group's shares are held by Kerry Co-op, the plc's founder, which in turn is held by 5,000 farmer-shareholders. These have loyally supported the group through three rights issues, but there is a market perception that the group needs to further diversify its shareholder base if it is to continue its expansion.

Rights issues and placements have raised a total of £160m since flotation, and the co-op shareholding has been gradually diluted from 83 per cent to 55 per cent today. Mr Brosnan says there are no plans for the time being to reduce the co-op holding below 51 per cent, although it is widely believed that Kerry will be the first of all the Irish co-op-plc hybrids to do so.

Last month, the co-operative's 90m B shares were converted pari passu to ordinary A

Kerry Group

Share price relative to the FT-A Food Manufacturing Index



shares. Five per cent of the farmers' 8m shares in the co-operative were simultaneously converted on an 11-to-1 basis into A shares in Kerry Group, giving the farmer-members their first freely-tradeable shares as individual shareholders, rather than holding their stake through the co-operative.

Each share in the co-operative is thus now worth £20.8 at the current A share price of

£2.80. Put another way, an individual Kerry farmer having invested £21,000 in the co-op in 1974 and followed the subsequent rights issues would today have an investment worth £220,000 in Kerry Group. Few other farmers in Ireland could boast that sort of compound growth in their assets. Irish fund managers who presently hold most of the A shares have already taken

£200,000,000
Floating Rate Notes Due 1996

Interest Rate: 6.0625%

Interest Period:
22nd September, 1993 to 22nd December, 1993

Interest Amount per £10,000
Note due 22nd December, 1993:
£151.15

Interest Amount per £100,000
Note due 22nd December, 1993:
£1,511.47

Agent Bank
Baring Brothers & Co., Limited

SAMANTHA INVESTMENTS PLC
£20 million Subordinated Floating Rate Notes Due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 21st September, 1993 to 21st March, 1994 the Notes will carry interest at the rate of 7.4375 per cent per annum.

Interest payable on 21st March, 1994 will amount to £3,888.18 on each £100,000 Note.

West Merchant Bank Limited
Agent Bank

Standard Chartered
Standard Chartered PLC
(Incorporated with limited liability in England)

£300,000,000
Undated Primary Capital Floating Rate Notes of which £150,000,000 comprises the Initial Tranche

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the three months period (91 days) from 22nd September 1993 to 22nd December 1993 the Notes will carry an Interest Rate of 6.125 per cent per annum.

The interest payment date will be 22nd December 1993. Coupon No. 34 will therefore be payable on 22nd December 1993 at £763.53 per coupon from Notes of £50,000 nominal and £763.53 per coupon from Notes of £25,000 nominal.

J. Henry Schroder Wagg & Co. Limited
Agent Bank

ANNOUNCEMENT

1. The Onderlinge Waarborgmaatschappij OHRA U.A. mutual assurance company, with registered office in Arnhem, The Netherlands, in this matter represented by B.J.J.M. Huisman, Managing Director, hereby informs all those whom it may concern, that it (the company), with permission from Verzekeringkamer resulting from or on the basis of agreements for insurance against loss or damage reached from a branch in The Netherlands, to the Public Limited Liability Company (according to Dutch Law) OHRA, Groningenweg 51 (6835 EB Arnhem), in the framework of that company's operation from a branch in The Netherlands.

2. The transfer referred to in paragraph 1 shall apply exclusively to all agreements for insurance against loss or damage belonging to or having belonged to the loss or damage insurance business run by the Onderlinge Waarborgmaatschappij OHRA U.A., whereby the risks are insured in the United Kingdom. All other agreements for insurance against loss or damage shall be transferred by means of a separate agreement.

3. This transfer is in accordance with Article 53, paragraph 1 of the law on the Supervision of Insurance Business published in the Official Publication of Laws and Statutes of 8 January 1993 number 5.

4. For all interested parties, other than the Insurers in question, the transfer shall take effect from the day of issue of this Official Publication of Laws and Statutes.

5. Any insured party shall be entitled, on the basis of Article 53, paragraph 4, of the abovementioned law, to terminate in writing their agreement for insurance against loss or damage with the Public Limited Liability Company (according to Dutch Law) OHRA Ziektekostenverzekeringen N.V. within 90 days following the day of issue of this Official Publication of Laws and Statutes, to take effect as from the 91st day following said date.

6. In the event of such termination, the Public Limited Liability Company (according to Dutch Law) OHRA Ziektekostenverzekeringen N.V. shall make pro rata restitution of premium payments on the basis of gross premium, in accordance with the stipulations of Article 53, paragraph 4 of the abovementioned Law.

£1.42m
expansion

and makes
purchase

Schindler 800
Schindler 300
Schindler 200
Schindler 100

Schindler

A New Mark of Global Importance.

Schindler, a name synonymous with quality—a quality that knows no limits. Innovation, the key to the future that combines with quality to bring you a range of elevators that breaks new ground in the world of vertical transport. Schindler 100—a range of small passenger elevators that provides the economic

solution to vertical transport. Schindler 200—a choice of revolutionary composite elevator packages to upgrade or modernise existing buildings. Schindler 300—the new generation of elevators for a wide range of applications, with an unrivalled flexibility in both design and technology, supported by innovative man-

agement systems. Schindler 800—the definitive expression in a bold new line of panorama elevators. Innovation means exploring new dimensions. Schindler's commitment to excellence ensures that they continue to cross new frontiers—offering virtually unlimited potential. Schindler making their mark for others to follow.



Schindler

The Elevator and Escalator Company

Schindler Management Ltd., CH-6030 Ebikon-Lucerne, Switzerland

UK follows rallies in Europe and US

By Terry Byland,
UK Stock Market Editor

THE LONDON stock market stood up bravely yesterday to the disturbing political developments reported from Russia overnight. While not underestimating the potential seriousness of the situation, UK investors took heart from the rallies in other European markets and the FT-SE 100 Index, down 26.6 in early trading, finished nearly six points higher on the day, comfortably regaining the 3,000 mark.

Even the initial setback of around 0.9 per cent in London was less than suffered elsewhere in Europe, and considerably less than the fall in UK stocks at the time of the abortive anti-Gorbachev coup. Little selling was reported, and a good lead from stock index futures soon brought bargain hunters into the stock market.

Firmness in the dollar helped US-influenced blue chips, with the pharmaceutical sector standing out well while awaiting formal publication of President Clinton's health care proposals.

The final reading showed the FT-SE 100 up 5.9 at 3,007.5. Equities had opened lower as Russia digested the news that the Russian and the subsequent 30-point fall in the Dow Industrial Average and 302-point setback in the Nikkei average.

Within one hour of the off-

cial opening, the Footsie was down to 2,975, some 4.5 per cent below the trading peak reached at the end of last month. Had the market continued to fall, equity strategists would have been looking hard at the next support levels, believed to be in the Footsie 2,960 area.

However, the mood changed as Europe became more optimistic ahead of the opening of

the new session on Wall Street. Led by a good premium on the December stock index contract, UK equities regained confidence, although gains were restrained at first as some UK houses sold equities against their holdings in the stock index futures.

The market moved upwards steadily, helped by early firmness in New York. When London closed for the day, the

Dow Average was showing a 4.75 gain.

"Expect a recovery in share prices unless there is a civil war (in Russia)," commented the European equity team at Goldman Sachs. A civil war, which the analysts regard as unlikely, would mean a 5 to 10 per cent decline, with Germany suffering most. However, the Goldman team expects that other outcomes to the Russian

situation are possible.

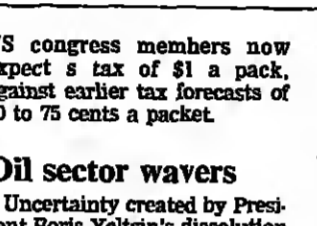
The success of the UK market in again holding to the Footsie 3,000 benchmark raised hopes that, barring serious developments in eastern Europe, London share prices may have seen the worst of the September shakeout.

Yesterday's performance from equities was all the more positive because corporate trading news, still a major concern for investors, remained somewhat inconclusive. Spring Ram, a house-fitting group which had been a market favourite, closed firmly in spite of disclosure of dismal trading figures and the dismissal of some directors and City advisers.

With second-line issues somewhat brushed aside yesterday, the FT-SE Mid 250 index dipped 1.5 to 3,427.5. Seaqu volume picked up late in the session to reach a total of 670.7m shares, compared with 536.4m on Tuesday, when retail or customer, business revived strongly to record a value of £1.13bn.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume	Value	Change	Day's Range
ASDA Group	1,000	100.00	+0.5	99.5 - 100.5
British Airways	1,000	100.00	+0.5	99.5 - 100.5
British Telecom	1,000	100.00	+0.5	99.5 - 100.5
British Petroleum	1,000	100.00	+0.5	99.5 - 100.5
British Steel	1,000	100.00	+0.5	99.5 - 100.5
British Water	1,000	100.00	+0.5	99.5 - 100.5
British Airways	1,000	100.00	+0.5	99.5 - 100.5
British Telecom	1,000	100.00	+0.5	99.5 - 100.5
British Petroleum	1,000	100.00	+0.5	99.5 - 100.5
British Steel	1,000	100.00	+0.5	99.5 - 100.5
British Water	1,000	100.00	+0.5	99.5 - 100.5



FT-SE All-Share Index

Source: DataStream

Equity Shares Traded

Turnover by volume (million)

Excluding intra-market business and overseas turnover

1000

800

600

400

200

0

Source: DataStream

US congress members now expect a tax of \$1 a pack, against earlier tax forecasts of 50 to 75 cents a packet.

Oil sector wavers

Uncertainty created by President Boris Yeltsin's dissolution of the Russian parliament was ultimately responsible for sending leading oil shares higher in early trading. However, the market took a phlegmatic view of potential eastern European chaos and most of the gains were reversed.

The initial view that political turmoil would restrict oil supplies forced the price of Brent crude higher. Oil shares were bought in the US and the subsequent shortage of stock in London led to a squeeze.

However, Brent fell back and the shortage was filled. Also, Lehman Brothers, the US investment house, officially released downgrades relating to a sector review last Friday. The house shifted BP to a sell from neutral and Shell Transport to neutral from buy. BP, which had been up 5, closed 1/4 ahead at 302 1/2 and Shell lost an earlier gain of 5 to end a net penny down at 63 1/2.

also boosted sentiment in ASW Holdings where the shares put on 12 at 203 1/2.

Bathroom manufacturer Spring Ram was one of the best performers in the London market yesterday. In spite of announcing boardroom resignations, including the departure of Mr Bill Rooney, the founder and chief executive and a loss of \$36.4m in the first half Spring Ram shares jumped 7 1/2 to 63p. The market felt that the risks to the company had been minimised following the shake-out by the new chairman.

Pharmaceuticals group Daiichi climbed 6 to 247p after announcing a rise in half-year profits to £17.99m against £12.56m previously.

Vodafone gained 2 to 494p after the group introduced a new tariff to its MetroDigital service snatching calls to be made more cheaply from a specified location. Cable and Wireless, which owns Vodafone's competitor Mercury Communications, shed 2 to 83 1/2p. Mercury is already offering free off-peak local calls through its one-to-one digital mobile phone venture.

The market was cheered by bumper profits from Next. The shares firmed 4 1/2 to 208 1/2p as several brokers upgraded full year profit expectations. They included BZW which raised its forecast by £15m to £70m.

Belief that September car

sales in the UK might be lower than predicted weakened several motor stocks. Casualties included L Service, down 7 to 39 1/2p, T Cowie 3 to 24 1/2p, and Pendragon 5 to 25 1/2p.

Engineering group Spirax-Sarco fell 10 to 36 1/2p, after a cautious results meeting. Interim profits improved from £10.5m to £11.4m in line with market expectations and one researcher said: "It remains one of the best quality stocks in the capital goods sector."

A broker's visit to the materials technology arm of Johnson Matthey to see the benefits of recent restructuring helped the shares rise 4 to 460p.

MARKET REPORTERS:

John Johnson,

Peter Kilian.

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

Other statistics, Page 20

FT-SE Actuaries Share Indices

THE UK SERIES

FT-SE 100 3007.5 +5.9 FT-SE MID 250 3427.5 -1.5 FT-A ALL-SHARE 1494.78 +1.79

Index	Day's Change	22 Sep	21 Sep	20 Sep	19 Sep	18 Sep	17 Sep	Year Ago	Dividend Yield	Share Price	P/E Ratio	Vol Adj	Total Return
FT-SE 100	+5.9	3007.5	3001.5	3004.5	3005.5	3006.5	3007.5	3008.5	3.80	5.72	21.78	79.17	100.00
FT-SE MID 250	-1.5	3427.5	3428.5	3429.5	3430.5	3431.5	3432.5	3433.5	3.54	5.58	20.80	74.82	123.17
FT-A ALL-SHARE	+1.79	1494.78	1495.78	1496.78	1497.78	1498.78	1499.78	1500.78	3.16	5.78	21.46	38.10	112.49

Index	Day's Change	22 Sep	21 Sep	20 Sep	19 Sep	18 Sep	17 Sep	Year Ago	Dividend Yield	Share Price	P/E Ratio	Vol Adj	Total Return
1 CAPITAL GROUPS	+0.1	1051.79	1051.82	1051.85	1051.88	1051.91	1051.94	1051.97	3.88	4.08	32.00	26.82	124.15
2 BARRICK GOLD	+0.1	1158.32	1158.35	1158.38	1158.41	1158.44	1158.47	1158.50	3.52	3.24	42.00	25.83	134.30
3 BARRICK GOLD	+0.1	1023.28	1023.31	1023.34	1023.37	1023.40	1023.43	1023.46	3.16	1.25	80.00	18.54	144.86
4 BARRICK GOLD	+0.1	3055.61	3055.64	3055.67	3055.70	3055.73	3055.76	3055.79	4.46	3.54	35.34	85.27	123.22
5 BARRICK GOLD	+0.1	2885.50	2885.53	2885.56	2885.59	2885.62	2885.65	2885.68	2.89	5.76	21.23	64.82	126.81
6 BARRICK GOLD	+0.1	429.81	429.84	429.87	429.90	429.93	429.96	429.99	3.39	4.0	27.78	7.86	146.95
7 BARRICK GOLD	+0.1	602.91	602.94	602.97	603.00	603.03	603.06	603.09	5.01	5.78	20.83	14.37	121.83
8 BARRICK GOLD	+0.1	458.43	458.46	458.49	458.52	458.55	458.58	458.61	2.40	4.4	8.85	144.33	126.81
9 BARRICK GOLD	+0.1	444.45	444.48	444.51	444.54	444.57	444.60	444.63	4.83	4.26	32.77	16.72	124.25
10 BARRICK GOLD	+0.1	2115.24	2115.27	2115.30	2115.33	2115.36	2115.39	2115.42	4.89	5.83	18.63	69.08	119.58
11 BARRICK GOLD	+0.1	1089.50	1089.53	1089.56	1089.59	1089.62	1089.65	1089.68	3.46	6.54	18.26	36.85	102.41
12 BARRICK GOLD	+0.1	1003.82	1003.85	1003.88	1003.91	1003.94	1003.97	1004.00	3.89	8.12	14.08	42.50	102.59
13 BARRICK GOLD	+0.1	1348.87	1348.90	1348.93	1348.96	1348.99	1349.02	1349.05	3.79	7.05	16.86	23.87	104.14
14 BARRICK GOLD	+0.1	2749.25	2749.28	2749.31	2749.34	2749.37	2749.40	2749.43	2.43	9.44	13.15	53.01	102.10
15 BARRICK GOLD	+0.1	3581.77	3581.80	3581.83	3581.86	3581.89	3581.92	3581.95	3.73	8.74	18.04	86.19	104.29
16 BARRICK GOLD	+0.1	1401.06	1401.09	1401.12	1401.15	1401.18	1401.21	1401.24	2.40	5.88	21.27	45.81	113.36
17 BARRICK GOLD	+0.1	2117.83	2117.86	2117.89	2117.92	2117.95	2117.98	2118.01	4.44	4.79	25.23	38.27	118.08
18 BARRICK GOLD	+0.1	882.08	882.11	882.14	882.17	882.20	882.23	882.26	3.34	5.28	20.32	20.32	115.94
19 BARRICK GOLD	+0.1	1264.82	1264.85	1264.88	1264.91	1264.94	1264.97	1265.00	2.81	5.42	23.28	21.83	118.36
20 BARRICK GOLD	+0.1	650.39	650.42	650.45	650.48	650.51	650.54	650.57	3.78	5.86	22.35	21.15	114.20
21 BARRICK GOLD	+0.1	1002.59	1002.62	1002.65	1002.68	1002.71	1002.74	1002.77	4.04	6.96	12.26	40.00	114.00
22 BARRICK GOLD	+0.1	1055.43	1055.46	1055.49	1055.52	1055.55	1055.58	1055.61	2.83	7.78	24.02	104.38	114.38
23 BARRICK GOLD	+0.1	1547.12	1547.15	1547.18	1547.21	1547.24	1547.27	1547.30	4.24	0.38	4	47.37	112.17
24 BARRICK GOLD	+0.1	1527.87	1527.90	1527.93	1527.96	1527.99	1528.02	1528.05	5.01	7.03	18.05	46.35	114.12
25 BARRICK GOLD	+0.1	3180.48	3180.51	3180.54	3180.57	3180.60	3180.63	3180.66	3.64	4.09	29.86	87.38	118.81

INVESTMENT TRUSTS - Cont.

Stock	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599
-------	-------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

AUTHORISED UNIT TRUSTS

AJB Unit Trust Managers Limited (1000)F

[illegible]

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

OTHER UK UNIT TRUSTS

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Provident Mutual Life Assn. - Contd. Scottish Amicable - Contd.

[illegible]

Company	Old Price	New Price
Sun Alliance Group - Cont'd.		

[illegible]

Yield	Royal Scandia Life Assurance Ltd - Contd.	Guinness Flight Fd Mgrs (Gr)
Income	5 Canadian Avenue, Suite 101, Toronto, Ont. M5S 1A5 Tel: (416) 593-1177	PO Box 250, 57 Power Port, Electricity and other International Access Points

[illegible]

0481 712178	Bangka MAY Sep 22	308.07	-	Ichiyoshi Asai Market	720.2
	Boro South Sep 21	30.54	+0.02	Super Asai Volume	819.7
	Boro South Sep 21	212.57	-	Keisport Brown Capital	

[illegible]

107 -0.15
108 -0.14
109 -0.13
110 -0.12
111 -0.11
112 -0.10
113 -0.09
114 -0.08
115 -0.07
116 -0.06
117 -0.05
118 -0.04
119 -0.03
120 -0.02
121 -0.01
122 0.00
123 0.01
124 0.02
125 0.03
126 0.04
127 0.05
128 0.06
129 0.07
130 0.08
131 0.09
132 0.10
133 0.11
134 0.12
135 0.13
136 0.14
137 0.15
138 0.16
139 0.17
140 0.18
141 0.19
142 0.20
143 0.21
144 0.22
145 0.23
146 0.24
147 0.25
148 0.26
149 0.27
150 0.28
151 0.29
152 0.30
153 0.31
154 0.32
155 0.33
156 0.34
157 0.35
158 0.36
159 0.37
160 0.38
161 0.39
162 0.40
163 0.41
164 0.42
165 0.43
166 0.44
167 0.45
168 0.46
169 0.47
170 0.48
171 0.49
172 0.50
173 0.51
174 0.52
175 0.53
176 0.54
177 0.55
178 0.56
179 0.57
180 0.58
181 0.59
182 0.60
183 0.61
184 0.62
185 0.63
186 0.64
187 0.65
188 0.66
189 0.67
190 0.68
191 0.69
192 0.70
193 0.71
194 0.72
195 0.73
196 0.74
197 0.75
198 0.76
199 0.77
200 0.78
201 0.79
202 0.80
203 0.81
204 0.82
205 0.83
206 0.84
207 0.85
208 0.86
209 0.87
210 0.88
211 0.89
212 0.90
213 0.91
214 0.92
215 0.93
216 0.94
217 0.95
218 0.96
219 0.97
220 0.98
221 0.99
222 1.00
223 1.01
224 1.02
225 1.03
226 1.04
227 1.05
228 1.06
229 1.07
230 1.08
231 1.09
232 1.10
233 1.11
234 1.12
235 1.13
236 1.14
237 1.15
238 1.16
239 1.17
240 1.18
241 1.19
242 1.20
243 1.21
244 1.22
245 1.23
246 1.24
247 1.25
248 1.26
249 1.27
250 1.28
251 1.29
252 1.30
253 1.31
254 1.32
255 1.33
256 1.34
257 1.35
258 1.36
259 1.37
260 1.38
261 1.39
262 1.40
263 1.41
264 1.42
265 1.43
266 1.44
267 1.45
268 1.46
269 1.47
270 1.48
271 1.49
272 1.50
273 1.51
274 1.52
275 1.53
276 1.54
277 1.55
278 1.56
279 1.57
280 1.58
281 1.59
282 1.60
283 1.61
284 1.62
285 1.63
286 1.64
287 1.65
288 1.66
289 1.67
290 1.68
291 1.69
292 1.70
293 1.71
294 1.72
295 1.73
296 1.74
297 1.75
298 1.76
299 1.77
300 1.78
301 1.79
302 1.80
303 1.81
304 1.82
305 1.83
306 1.84
307 1.85
308 1.86
309 1.87
310 1.88
311 1.89
312 1.90
313 1.91
314 1.92
315 1.93
316 1.94
317 1.95
318 1.96
319 1.97
320 1.98
321 1.99
322 2.00
323 2.01
324 2.02
325 2.03
326 2.04
327 2.05
328 2.06
329 2.07
330 2.08
331 2.09
332 2.10
333 2.11
334 2.12
335 2.13
336 2.14
337 2.15
338 2.16
339 2.17
340 2.18
341 2.19
342 2.20
343 2.21
344 2.22
345 2.23
346 2.24
347 2.25
348 2.26
349 2.27
350 2.28
351 2.29
352 2.30
353 2.31
354 2.32
355 2.33
356 2.34
357 2.35
358 2.36
359 2.37
360 2.38
361 2.39
362 2.40
363 2.41
364 2.42
365 2.43
366 2.44
367 2.45
368 2.46
369 2.47
370 2.48
371 2.49
372 2.50
373 2.51
374 2.52
375 2.53
376 2.54
377 2.55
378 2.56
379 2.57
380 2.58
381 2.59
382 2.60
383 2.61
384 2.62
385 2.63
386 2.64
387 2.65
388 2.66
389 2.67
390 2.68
391 2.69
392 2.70
393 2.71
394 2.72
395 2.73
396 2.74
397 2.75
398 2.76
399 2.77
400 2.78
401 2.79
402 2.80
403 2.81
404 2.82
405 2.83
406 2.84
407 2.85
408 2.86
409 2.87
410 2.88
411 2.89
412 2.90
413 2.91
414 2.92
415 2.93
416 2.94
417 2.95
418 2.96
419 2.97
420 2.98
421 2.99
422 3.00
423 3.01
424 3.02
425 3.03
426 3.04
427 3.05
428 3.06
429 3.07
430 3.08
431 3.09
432 3.10
433 3.11
434 3.12
435 3.13
436 3.14
437 3.15
438 3.16
439 3.17
440 3.18
441 3.19
442 3.20
443 3.21
444 3.22
445 3.23
446 3.24
447 3.25
448 3.26
449 3.27
450 3.28
451 3.29
452 3.30
453 3.31
454 3.32
455 3.33
456 3.34
457 3.35
458 3.36
459 3.37
460 3.38
461 3.39
462 3.40
463 3.41
464 3.42
465 3.43
466 3.44
467 3.45
468 3.46
469 3.47
470 3.48
471 3.49
472 3.50
473 3.51
474 3.52
475 3.53
476 3.54
477 3.55
478 3.56
479 3.57
480 3.58
481 3.59
482 3.60
483 3.61
484 3.62
485 3.63
486 3.64
487 3.65
488 3.66
489 3.67
490 3.68
491 3.69
492 3.70
493 3.71
494 3.72
495 3.73
496 3.74
497 3.75
498 3.76
499 3.77
500 3.78
501 3.79
502 3.80
503 3.81
504 3.82
505 3.83
506 3.84
507 3.85
508 3.86
509 3.87
510 3.88
511 3.89
512 3.90
513 3.91
514 3.92
515 3.93
516

Symbol	Price	Change	Volume	Open	High	Low	Close	Adj. Close	Dividend	Yield	PER	EPS	PE	Div. Payout	Div. Yield	Div. Date	Ex. Date	Pay. Date	Notes
0004 07001	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07002	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07003	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07004	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07005	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07006	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07007	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07008	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07009	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07010	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07011	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07012	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07013	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07014	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07015	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07016	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07017	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07018	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07019	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07020	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07021	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07022	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07023	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07024	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07025	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07026	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07027	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07028	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07029	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07030	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07031	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07032	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07033	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07034	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07035	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07036	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07037	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07038	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07039	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07040	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07041	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07042	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07043	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07044	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07045	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07046	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07047	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07048	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07049	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07050	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07051	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07052	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07053	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07054	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07055	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07056	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07057	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07058	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07059	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07060	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07061	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07062	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	
0004 07063	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	0.00	0.00	10.00	1.00	10.00	0.00	0.00	0.00	0.00	0.00	

Capital Trust Financial Management			
8-10 Brook St, Colwyn Bay, Llandudno			C24.5
Investment Portfolio	191.5	201.9	-0.6

[illegible]

BERMUDA ASIA RECOGNISED

[illegible]

	Old Price	New Price	+ or -
--	-----------	-----------	--------

ANZ Mercat Co (Germany) Ltd			
Example Life Update Pmts: 1 212.04 12.27			
Arab Bank Fund Managers (Germany) Ltd			
All International Fund Ltd			
Managed Currency	811.22	11.24	--
International Bond	211.06	11.50	--
Backmann Global Investment Fund Ltd			
International Bond	1812.20	181.08	--
Conv. Gls 5 Gyr Pmt Int.	181.08	17.04	--
CBGF Fund Managers (Germany) Ltd			
PCF Sterling Bond	210.45	15.84	--
PCF Gls Dollar Bond	218.08	15.34	--
PCF 10 Year Dollar Bond	282.78	21.13	--
PCF Gls Bond	210.45	15.84	--

Init Charge	Canc Price	End Price	Other Policy
----------------	---------------	--------------	-----------------

GBC Asset Management
UK Agent: Ivory & Ginn Plc.
One Christie Square, Edinburgh EH2 4JZ
GBC Non-Appeals Gilt Inst* - CS- 5.67
Approx Sily Exch - E- 2.82

Item	Case	Unit	Other	+ or -	Year
Charge	Price	Price	Price		

[illegible]

	Int	Comp	Mid	Other	+
	Charge	Price	Price	Price	
1.41					
12.00					
12.00					
-					

[illegible]

Lot	Comp	Std	Dil	± or %
1	100	100	100	100
2	100	100	100	100
3	100	100	100	100
4	100	100	100	100
5	100	100	100	100
6	100	100	100	100
7	100	100	100	100
8	100	100	100	100
9	100	100	100	100
10	100	100	100	100
11	100	100	100	100
12	100	100	100	100
13	100	100	100	100
14	100	100	100	100
15	100	100	100	100
16	100	100	100	100
17	100	100	100	100
18	100	100	100	100
19	100	100	100	100
20	100	100	100	100
21	100	100	100	100
22	100	100	100	100
23	100	100	100	100
24	100	100	100	100
25	100	100	100	100
26	100	100	100	100
27	100	100	100	100
28	100	100	100	100
29	100	100	100	100
30	100	100	100	100
31	100	100	100	100
32	100	100	100	100
33	100	100	100	100
34	100	100	100	100
35	100	100	100	100
36	100	100	100	100
37	100	100	100	100
38	100	100	100	100
39	100	100	100	100
40	100	100	100	100
41	100	100	100	100
42	100	100	100	100
43	100	100	100	100
44	100	100	100	100
45	100	100	100	100
46	100	100	100	100
47	100	100	100	100
48	100	100	100	100
49	100	100	100	100
50	100	100	100	100
51	100	100	100	100
52	100	100	100	100
53	100	100	100	100
54	100	100	100	100
55	100	100	100	100
56	100	100	100	100
57	100	100	100	100
58	100	100	100	100
59	100	100	100	100
60	100	100	100	100
61	100	100	100	100
62	100	100	100	100
63	100	100	100	100
64	100	100	100	100
65	100	100	100	100
66	100	100	100	100
67	100	100	100	100
68	100	100	100	100
69	100	100	100	100
70	100	100	100	100
71	100	100	100	100
72	100	100	100	100
73	100	100	100	100
74	100	100	100	100
75	100	100	100	100
76	100	100	100	100
77	100	100	100	100
78	100	100	100	100
79	100	100	100	100
80	100			

	CHG	PR	CHG	PR	CHG	PR	CHG	PR
AXA Equity & Low Int Fund Mgrs								
History: LHS, Prospect HHS, Douglas, LHS								
Total Income FY		\$1	60.19	90.16	101.21			
Allied Dunbar Int'l Fund Mgrs (1600)F								
Lind Street, Douglas, LHS								
AXI International	D	0.0396	0.0938	0.722	4.930	0.01		
AXI Asia Pacific	D	0.0396	0.0938	0.722	4.930	0.01		
AXI Latin America	D	0.0396	0.0938	0.722	4.930	0.01		
AXI Europe	D	0.0396	0.0938	0.722	4.930	0.01		
AXI Asia Pacific	D	0.0396	0.0938	0.722	4.930	0.01		
AXI Latin America	D	0.0396	0.0938	0.722	4.930	0.01		
AXI Europe	D	0.0396	0.0938	0.722	4.930	0.01		
AXI Asia Pacific	D	0.0396	0.0938	0.722	4.930	0.01		
AXI Latin America	D	0.0396	0.0938	0.722	4.930	0.01		
AXI Europe	D	0.0396	0.0938	0.722	4.930	0.01		
Investment Policies of Sherris Group (462)GHS								
Accret Global Funds Ltd (1200)								
History: LHS, Prospect HHS, Douglas, LHS								

Feed Price	Other Price	+ or -	Yield Range
---------------	----------------	-----------	----------------

[illegible]

2nd Grade	Comic Price	RM Price	Other Price
--------------	----------------	-------------	----------------

AIS Fund Managers (Ct) Ltd			
PO Box 409 311Halter, Jersey			
AIS Company Funds Ltd			
25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100-101-102-103-104-105-106-107-108-109-110-111-112-113-114-115-116-117-118-119-120-121-122-123-124-125-126-127-128-129-130-131-132-133-134-135-136-137-138-139-140-141-142-143-144-145-146-147-148-149-150-151-152-153-154-155-156-157-158-159-160-161-162-163-164-165-166-167-168-169-170-171-172-173-174-175-176-177-178-179-180-181-182-183-184-185-186-187-188-189-190-191-192-193-194-195-196-197-198-199-200-201-202-203-204-205-206-207-208-209-210-211-212-213-214-215-216-217-218-219-220-221-222-223-224-225-226-227-228-229-230-231-232-233-234-235-236-237-238-239-240-241-242-243-244-245-246-247-248-249-250-251-252-253-254-255-256-257-258-259-260-261-262-263-264-265-266-267-268-269-270-271-272-273-274-275-276-277-278-279-280-281-282-283-284-285-286-287-288-289-290-291-292-293-294-295-296-297-298-299-300-301-302-303-304-305-306-307-308-309-310-311-312-313-314-315-316-317-318-319-320-321-322-323-324-325-326-327-328-329-330-331-332-333-334-335-336-337-338-339-340-341-342-343-344-345-346-347-348-349-350-351-352-353-354-355-356-357-358-359-360-361-362-363-364-365-366-367-368-369-370-371-372-373-374-375-376-377-378-379-380-381-382-383-384-385-386-387-388-389-390-391-392-393-394-395-396-397-398-399-400-401-402-403-404-405-406-407-408-409-410-411-412-413-414-415-416-417-418-419-420-421-422-423-424-425-426-427-428-429-430-431-432-433-434-435-436-437-438-439-440-441-442-443-444-445-446-447-448-449-450-451-452-453-454-455-456-457-458-459-460-461-462-463-464-465-466-467-468-469-470-471-472-473-474-475-476-477-478-479-480-481-482-483-484-485-486-487-488-489-490-491-492-493-494-495-496-497-498-499-500-501-502-503-504-505-506-507-508-509-510-511-512-513-514-515-516-517-518-519-520-521-522-523-524-525-526-527-528-529-530-531-532-533-534-535-536-537-538-539-540-541-542-543-544-545-546-547-548-549-550-551-552-553-554-555-556-557-558-559-560-561-562-563-564-565-566-567-568-569-570-571-572-573-574-575-576-577-578-579-580-581-582-583-584-585-586-587-588-589-590-591-592-593-594-595-596-597-598-599-600-601-602-603-604-605-606-607-608-609-610-611-612-613-614-615-616-617-618-619-620-621-622-623-624-625-626-627-628-629-630-631-632-633-634-635-636-637-638-639-640-641-642-643-644-645-646-647-648-649-650-651-652-653-654-655-656-657-658-659-660-661-662-663-664-665-666-667-668-669-670-671-672-673-674-675-676-677-678-679-680-681-682-683-684-685-686-687-688-689-690-691-692-693-694-695-696-697-698-699-700-701-702-703-704-705-706-707-708-709-710-711-712-713-714-715-716-717-718-719-720-721-722-723-724-725-726-727-728-729-730-731-732-733-734-735-736-737-738-739-740-741-742-743-744-745-746-747-748-749-750-751-752-753-754-755-756-757-758-759-760-761-762-763-764-765-766-767-768-769-770-771-772-773-774-775-776-777-778-779-780-781-782-783-784-785-786-787-788-789-790-791-792-793-794-795-796-797-798-799-800-801-802-803-804-805-806-807-808-809-810-811-812-813-814-815-816-817-818-819-820-821-822-823-824-825-826-827-828-829-830-831-832-833-834-835-836-837-838-839-840-841-842-843-844-845-846-847-848-849-850-851-852-853-854-855-856-857-858-859-860-861-862-863-864-865-866-867-868-869-870-871-872-873-874-875-876-877-878-879-880-881-882-883-884-885-886-887-888-889-890-891-892-893-894-895-896-897-898-899-900-901-902-903-904-905-906-907-908-909-910-911-912-913-914-915-916-917-918-919-920-921-922-923-924-925-926-927-928-929-930-931-932-933-934-935-936-937-938-939-940-941-942-943-944-945-946-947-948-949-950-951-952-953-954-955-956-957-958-959-960-961-962-963-964-965-966-967-968-969-970-971-972-973-974-975-976-977-978-979-980-981-982-983-984-985-986-987-988-989-990-991-992-993-994-995-996-997-998-999-1000-1001-1002-1003-1004-1005-1006-1007-1008-1009-1010-1011-1012-1013-1014-1015-1016-1017-1018-1019-1020-1021-1022-1023-1024-1025-1026-1027-1028-1029-1030-1031-1032-1033-1034-1035			

Item	Price	Unit
1. 1000	1000	1000
2. 1000	1000	1000
3. 1000	1000	1000
4. 1000	1000	1000
5. 1000	1000	1000
6. 1000	1000	1000
7. 1000	1000	1000
8. 1000	1000	1000
9. 1000	1000	1000
10. 1000	1000	1000
11. 1000	1000	1000
12. 1000	1000	1000
13. 1000	1000	1000
14. 1000	1000	1000
15. 1000	1000	1000
16. 1000	1000	1000
17. 1000	1000	1000
18. 1000	1000	1000
19. 1000	1000	1000
20. 1000	1000	1000
21. 1000	1000	1000
22. 1000	1000	1000
23. 1000	1000	1000
24. 1000	1000	1000
25. 1000	1000	1000
26. 1000	1000	1000
27. 1000	1000	1000
28. 1000	1000	1000
29. 1000	1000	1000
30. 1000	1000	1000
31. 1000	1000	1000
32. 1000	1000	1000
33. 1000	1000	1000
34. 1000	1000	1000
35. 1000	1000	1000
36. 1000	1000	1000
37. 1000	1000	1000
38. 1000	1000	1000
39. 1000	1000	1000
40. 1000	1000	1000
41. 1000	1000	1000
42. 1000	1000	1000
43. 1000	1000	1000
44. 1000	1000	1000
45. 1000	1000	1000
46. 1000	1000	1000
47. 1000	1000	1000
48. 1000	1000	1000
49. 1000	1000	1000
50. 1000	1000	1000
51. 1000	1000	1000
52. 1000	1000	1000
53. 1000	1000	1000
54. 1000	1000	1000
55. 1000	1000	1000
56. 1000	1000	1000
57. 1000	1000	1000
58. 1000	1000	1000
59. 1000	1000	1000
60. 1000	1000	1000
61. 1000	1000	1000
62. 1000	1000	1000
63. 1000	1000	1000
64. 1000	1000	1000
65. 1000	1000	1000
66. 1000	1000	1000
67. 1000	1000	1000
68. 1000	1000	1000
69. 1000	1000	1000
70. 1000	1000	1000
71. 1000	1000	1000
72. 1000	1000	1000
73. 1000	1000	1000
74. 1000	1000	1000
75. 1000	1000	1000
76. 1000	1000	1000
77. 1000	1000	1000
78. 1000	1000	1000
79. 1000	1000	1000
80. 1000	1000	1000
81. 1000	1000	1000
82. 1000	1000	1000
83. 1000	1000	1000
84. 1000	1000	1000
85. 1000	1000	1000
86. 1000	1000	1000
87. 1000	1000	1000
88. 1000	1000	1000
89. 1000	1000	1000
90. 1000	1000	1000
91. 1000	1000	1000
92. 1000	1000	1000
93. 1000	1000	1000
94. 1000	1000	1000
95. 1000	1000	1000
96. 1000	1000	1000
97. 1000	1000	1000
98. 1000	1000	1000
99. 1000	1000	1000

[illegible]

UK Equity	57	21.589	1.521	1.512	+
North American	57	1.775	1.589	1.589	+
Japanese	57	1.929	2.049	2.049	+
Asia Pacific	57				

[illegible]

LUXE

[illegible]

WORLD STOCK MARKETS

[illegible][illegible][illegible][illegible]

NEW YORK STOCK EXCHANGE					TRADING ACTIVITY				
Yesterday	... Stocks traded	Closing prices	Change on day	%	Volume	Millions	Sept 17	Sept 18	
Financial	5,146,100	774	+ 7%		New York SE	298,272	228,412	369,525	
Transport	4,014,400	22%	+ 1%		PA	23,534	18,010	20,857	
Industrial	3,679,500	48%	+ 1%		MADRID	294,900	228,852	263,169	
Chemical	3,252,900	21%	+ 1						
Health	3,252,900	21%	+ 1		NYSE				
Oil	2,914,100	1%	- 1%		Homes Traded	2,300	2,436	2,806	
Electricity	2,746,100	35%	+ 4		Real Estate	933	800	860	
Food	2,622,900	1%	- 1		Fut:	1,485	1,178	1,555	
Auto	2,427,000	24	+ 1%		Unchanged	572	504	679	
Pharm	2,400,900	38%	+ 1		High	83	82	83	
					Low	49	26	32	

CANADA				
TORONTO				
	Sept 17	Sept 18	Sept 19	1988 LOW
Financial	284,540	285,520	285,540	284,000
Health & Minerals	30,300	30,320	30,350	29,750
Industrial	180,450	180,500	180,520	180,000
Transport	180,450	180,500	180,520	180,000
Auto	180,450	180,500	180,520	180,000
Food	180,450	180,500	180,520	180,000
Pharm	180,450	180,500	180,520	180,000
Oil	180,450	180,500	180,520	180,000
Electricity	180,450	180,500	180,520	180,000
Chemical	180,450	180,500	180,520	180,000
Health	180,450	180,500	180,520	180,000
Auto	180,450	180,500	180,520	180,000
Food	180,450	180,500	180,520	180,000
Pharm	180,450	180,500	180,520	180,000
Oil	180,450	180,500	180,520	180,000
Electricity	180,450	180,500	180,520	180,000
Chemical	180,450	180,500	180,520	180,000
Health	180,450	180,500	180,520	180,000
Auto	180,450	180,500	180,520	180,000
Food	180,450	180,500	180,520	180,000
Pharm	180,450	180,500	180,520	180,000
Oil	180,450	180,500	180,520	180,000
Electricity	180,450	180,500	180,520	180,000

Raw values of all indices are 100 except NYSE All-Share & SP: Standard and Poor's 1-11 and Toronto Composite indices are 1000. Toronto Standard Index 12/91 and All-Share Index 4/93. 1. Trading volume: Shares traded in NYSE, Financial and Industrial, All-Share, All-Industrial, & All-Share, & All

TOKYO - Most Active Stocks						
Wednesday, September 22, 1993						
	Stocks	Closing	Change		Stocks	Closing
	Traded	Price	on day		Traded	Price
Nikkatsu	28.0m	3.10	+10	Itochu	3.1m	827
Nippon Steel	6.0m	329	-	Tokai	3.0m	898
Mitsubishi Hy	4.5m	693	-	Sankyo 11 & Bk	2.7m	1,200
Fuyo	3.8m	793	-	Sankyo Bank	2.8m	2,189
NCC	3.8m	805	-10	Huich	2.4m	837

**IS THIS YOUR OWN COPY
OF THE FINANCIAL TIMES?**

Or do you rely on seeing someone else's? Every day the FT reports on the topics that matter to people doing business every day, in and from Europe.

We cover the latest European, U.S. and international news, and analyse the implications from a European perspective. In fact you'll find far more finance in the FT.

No surprise then, that the Financial Times is read by over four times as many senior European businessmen and women as any other international newspaper.*

Make sure you're one of them by getting your own copy of the newspaper delivered daily to your office.

*Source: EBRIS 1991

SPECIAL INTRODUCTORY SUBSCRIPTION.

TWELVE FREE ISSUES
DELIVERED TO YOUR OFFICE

YES, I would like to subscribe to the Financial Times, and enjoy my first 12 issues free. I will allow up to 21 days before delivery of my first copy. Please enter my subscription for 12 months at the following rate*.

Austria	ÖES 5,600	France	FFR 1,500	Luxembourg	LFR 12,500	Spain	PTS 50,000
Belgium	BFR 12,500	Germany	DM 700	Netherlands	DFL 850	Sweden	SEK 2,800
Denmark	DKK 3,150	Greece**	DR 22,800	Norway	NOK 2,800	Switzerland	SFR 680
Finland	FMK 1,980	Italy	LIT 560,000	Portugal	ESC 57,000	Turkey	TL 1,850,000

<input type="checkbox"/> Bill me	<input type="checkbox"/> Charge my American Express/Diners Club/Barcard/Visa Account.	Expiry Date _____	Signature _____ Date _____
No order accepted without a signature			

*Currency rates are only valid for the country in which they are quoted. Subscription Prices are current at time of going to press. **3 month subscription only. Prices are exclusive of VAT in all EC countries except Germany and France. Offer valid until 30th November 1993.

To subscribe to the FT in North America contact New York Tel 7524500, Fax 3082397, For East contact Tokyo Tel 32894711, Fax 32854712.

4 pm close September 2

Continued on next page

AMERICA

Drugs stocks weaken ahead of Clinton

Wall Street

ALTHOUGH blue-chip and cyclical stocks remained weak on US equity markets yesterday, secondary issues put in a solid performance as concern about political unrest in Russia abated, writes Patrick Harrington in New York.

At 1 pm, the Dow Jones Industrial Average was down 6.42 at 3,530.82. The more broadly based Standard & Poor's 500 was up 0.85 at 453.90, while the Amex composite was 0.55 higher at 447.64, and the Nasdaq composite up 6.33 at 739.88. Trading volume on the NYSE was 163m shares by 1 pm.

Prices rebounded from Tuesday's big losses as soon as the opening bell sounded. The early gains - the Dow jumped 15 points in the first 30 minutes - was partly a natural reaction to the sell-off the day before, and partly a response to the news of the latest developments from Russia.

The market's biggest fear, that the military would intervene to oppose President Boris Yeltsin and plunge the country into civil war, was not realised, and the widespread support for Mr Yeltsin among western nations reassured investors. The situation in Russia, however, remained uncertain, and continued to cast a shadow over trading in New York.

Domestic considerations were also influencing market sentiment yesterday. President Bill Clinton was due to officially present his healthcare plan to the nation last night, and the drug sector remained under pressure ahead of the speech.

Among the biggest drug stocks, Pfizer fell 3% to \$60. Merck eased 3% to \$31. Bristol Myers-Squibb slipped 3% to \$38, and Johnson & Johnson eased 3% to \$39.

Primerica rose 3% to \$16, in volume of 1.3m shares and Travelers edged 3% higher to

EUROPE

Bourses stage partial recovery after early fall

LATE on Tuesday, Morgan Stanley expected the new Russian political battle to produce further strength in the dollar, and weakness in western European equity markets - "the further east, the greater the risk."

So it turned out, initially, with the Eurotrack 100 index opening close to its low for the day, a little more than 1 per cent down, and the early-closing Vienna bourse registering a 2.8 per cent decline, writes Our Markets Staff.

However, by yesterday, Goldman Sachs was saying that, although a Russian civil war would lead to a 5-10 per cent decline in European share prices, the absence of strife (more likely) would bring recovery. Supported by an early upswing in New York, the Eurotrack reacted accordingly.

FRANKFURT, which had looked a little flighty on Monday and Tuesday, sustained more than the average setback before lunch, and managed less than the median recovery in the afternoon.

The DAX index fell 32.85, or 1.7 per cent, to 1,893.00 over the official session, in the post-bourse this-indicial DAX put on only 6.77 to 1,899.77.

Turnover fell from DM8.4bn to DM7.5bn. Banks, closely

linked in investors' minds to Russia and the risk of bad debts, all fell by more than 2 per cent; Commerzbank, traditionally seen as the least well-provisioned against bad debts, fell DMDM7.70, or 2.5 per cent to DM304.80.

Mr Nigel Longley, an institutional adviser with Commerzbank, said that yesterday's decline in the broad market was more a matter of marking shares down than actual profit-taking. However, there was still room for special situations. AEG, the Daimler subsidiary dismissed as a break-up situation by the German news weekly, Der Spiegel, over the weekend, fell another DM16.50 to DM150 for a drop of DM16.20, or nearly 10 per cent over the past five trading days.

PARIS, which had fallen some 1.4 per cent at the opening, recouped a significant percentage of the losses by the close. The CAC-40 index finished off 14.43 or 0.7 per cent at 2,079.96, after an intraday low of 2,059.63 and a high of 2,088.98.

Turnover was strong at FF4.2bn. In a generally weaker market overall Carrefour, the food retailer, went against the trend with a rise of FF67 or 2 per cent to FF3.350 following positive brokers' recommendations based on the

FT-SE Actuaries Share

September 22		THE EUROPEAN SERIES									
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close			
FT-SE Eurotrack 100	1365.61	1267.06	1267.81	1268.41	1270.60	1273.53	1273.22	1271.89			
FT-SE Eurotrack 200	1337.13	1339.37	1339.88	1341.82	1341.99	1346.04	1346.55	1346.05			
Sep 21		Sep 20		Sep 17		Sep 16		Sep 15			
FT-SE Eurotrack 100	1279.55	1278.06	1265.02	1257.07	1250.47	1250.47	1250.47	1250.47	1250.47	1250.47	1250.47
FT-SE Eurotrack 200	1351.37	1351.78	1343.60	1335.87	1337.25	1337.25	1337.25	1337.25	1337.25	1337.25	1337.25

Real index 1000 (2000000) 100 - 1275.17, 200 - 1346.06, 1000 - 1265.43, 200 - 1346.55

group's long term outlook.

The mood elsewhere was less bright although Havas gained FF9.6 to FF483 on reports that a magazine article, due to be published today, would reveal further information about a proposed share swap deal with Canal Plus, down FF2 to FF1.205.

Lafarge Coppée settled off FF5 at FF405 after reports, later denied by the construction materials group, that it might have been interested in making a bid for CBR, the Belgian cement manufacturer.

LVMH shed FF4.1 to FF4.092 ahead of today's announcement of interim results which are expected to show a substantial fall, while Ciments Français was down FF5 to FF165 ahead of first half results which came after the close.

AMSTERDAM recovered from an early fall with support

from the heavily traded international stocks. The CBS Tenancy index ended down 0.9 at 123.6 in turnover reported as moderate.

Among the internationals, Royal Dutch gained 30 cents to F1178.30, Unilever lost 60 cents to F1200 and Heineken fell F11.40 to F181.60.

ZIMMCH finished easier, but above early lows as investors returned to the market after an early round of profit-taking. The SMI index shed 17.2 to 2,314.6 after an intra-day low of 2,397.3.

Mr Mirko Sangiorgio of Bank Julius Baer in Zurich said that while overnight political developments had a depressing impact early in the day, investors quickly resumed buying.

Banks were easier with UBS SFR1 lower at SFR1.187 and CS Holding SFR25 lower at SFR2.570. Large sell orders left Swissair SFR17 lower at SFR7.723

after a local press report that shareholders were unlikely to approve the company's planned Alcazar alliance with three other European airlines under the terms proposed.

Against the trend, Schindler hearers added SFR100 to SFR5,800 as the company announced plans for a new generation of lift systems.

MILAN's decline was eased by a strong Olivetti performance as the Comit index shed 7.8, or 1.3 per cent to 589.94. Strong foreign demand late in the day took Olivetti L49 or 2.5 per cent higher to L1.974.

Analysts, who noted that the company was expected to report further losses shortly, attributed the rise to the company's hopes of breaking into Italy's buoyant mobile telecommunications market.

Gemina, the financial holding company, put on L28 to L1.490 in response to its announcement of higher full year figures on Tuesday.

Some rose L38 to L4.170 as the supermarket and restaurant chain said that revenues rose 6 per cent in the first eight months of the year.

MADRID, a late closer, came out with one of the day's bigger declines, the general index losing 3.84, or 1.3 per cent at 283.90. Turnover rose from Pta17.8bn to Pta22.5bn.

Mr José Manuel Artale director of equities at Asesores Bursátiles in Madrid, said that the market was taking profit yesterday, especially in banks, he added that Madrid's above average fall was its usual reaction to dramatic events, as a small market susceptible to global investment decisions.

STOCKHOLM was supported by a firmer local currency and further falls in domestic interest rates. The Affarsvärlden general index rose 18.6 to 1,263.4 in turnover up from SKr1.1bn to SKr1.3bn.

Ericsson, in telecommunications, and Astra in pharmaceuticals led the market's rise, the former's B shares gaining SKr4 to SKr418 and the latter's up SKr4 to SKr161.

VIENNA's traders and analysts said they expected market uncertainty to continue until there are clear signs of one side coming out on top in the Russian power struggle. The ATX index closed 27.01 down at 949.78.

ISTANBUL gained ground in late trading after the KOL, the organisation responsible for privatisations, announced that Kalkitima Bank, the state bank, could only sell its 5.4 per cent stake in Ergil, the steel group, with its consent.

The composite index finished up 285.3 at 14,483.9.

ASIA PACIFIC

Mixed feelings on Pacific Rim as Nikkei loses 1.4%

Tokyo

CONCERN about the political situation in Russia held investors back in Tokyo and stock prices ended broadly lower, awaiting reaction in the European markets. Reuters reports from Tokyo.

The 225-share Nikkei average fell 292.03, or 1.43 per cent, to 20,174.62, more than erasing Tuesday's 200-point gain prompted by the Bank of Japan's higher than expected 0.75 percentage point discount rate cut. The index registered a high for the day of 20,390.74 and a low of 20,112.11.

Volume was estimated at 300m shares, compared with

348.9m the previous day, and declining issues outnumbered advances by 989 to 115, with 111 stocks unchanged.

The broader first section Tox index was down 21.83, or 1.31 per cent, at 1,629.12, but in London the ISE/Nikkei 50 index edged up 0.64 to 1,251.63.

News of the Russian political crisis had sent Nikkei futures prices falling in Chicago, laying the ground for a weaker Tokyo opening. The market was also hit by selling from arbitrage unwinding.

After falling throughout the morning, the market was reluctant to move in afternoon trade, in the absence of much foreign demand.

However, some buying by

trust funds gave some stability at the lower levels and helped the Nikkei to tread water above the 20,000 mark.

The decline was broadly based with no sectors advancing. High-tech shares were heavily traded. NEC retreated Y10 to Y935, Fujitsu Y9 to Y933 and Old Electric Industry Y17 to Y320. Toshiba was an exception, moving ahead Y16 to Y988, boosted by some buying by foreign brokerages.

Banking issues weakened across the board. The Industrial Bank of Japan receded Y70 to Y3,290, Nippon Credit Bank Y60 to Y6,010 and Sumitomo Bank Y70 to Y2,180.

Among easier steel shares, Nippon Steel slipped Y2 to

Y329 and Mitsubishi Heavy Industries Y8 to Y650.

Roundup

WITH ONE or two markets oblivious to problems elsewhere in the world, the region's equity markets fell by an average of less than 0.5 per cent on the day.

BANGKOK offered the biggest response as bad news below 1.000 on the SET index was interpreted as a sell signal. The index falling by 14.83, or 1.5 per cent, to 977.75 in turnover of Bt7.46bn.

SINGAPORE recouped half of a 3.4 per cent intraday fall to end with the Straits Times Industrial index 25.77 down at

1,969.97. Volume amounted to 403.87m shares.

CarnaudMetalbox dropped S\$1.90 to S\$9.80 on worse than expected interim earnings.

MANILA mirrored New York's overnight decline on Russia's political turmoil, the composite index closing 38.28 lower at 1,321.43 in combined turnover up from 625.44m pesos.

HONG KONG and AUSTRALIA, hosting the biggest equity markets on the Pacific Rim outside Japan, did little in aggregate terms, the Hang Seng index shedding 16.41 to 7,478.90 in HK\$3.54bn turnover and the All Ordinaries losing 5.9 at 1,919.3, after an opening 1,927.5, in A\$463.8m trade.

In the former, investors were looking to the vote tomorrow on Beijing's bid to host the 2000 Olympics. The result, it was estimated, could move the Hang Seng index by 200 to 300 points either way. In the latter, a strong golds sector offset big falls elsewhere.

Winners on the day included KARACHI and SEOUL. Pakistani stocks saw fresh buying in the energy sector after the government announced plans to privatise the Karachi Electric Supply Corporation (KESC), and the KSE index climbed 13.75 to 1,327.11.

Seoul survived late institutional selling to finish with the composite index a token 2.90 ahead at 897.56.

Performance varies in emerging markets

By John Pitt

There were wide swings last week in the world's emerging markets, ranging from another strong gain in dollar terms in Turkey to a sharp fall in Portugal.

Elsewhere among the indices compiled by the IFC, the private sector arm of the World Bank, significant positive movements were recorded in Jordan, Brazil, the Philippines and India, while other declining markets included Mexico, Colombia and Greece.

In Asia, Pakistan has seen a subdued performance recently ahead of the general elections next month. BMA Capital Management in Karachi commented that last week's performance was supported by favourable August trade data, which showed an increase in exports to \$538m from July's \$451m. The brokerage also noted that the market is now likely to remain subdued until the elections on October 6.

Among Latin American markets, Mexico suffered a setback as NAFTA worries unset-

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES							
Market	No. of stocks	Dollar terms			Local currency terms		
		Sep 17 1993	% Change over week	% Change on Dec '92	Sep 17 1993	% Change over week	% Change on Dec '92
Latin America							
Argentina	(11)	729.79	+0.1	+25.8	447,818.16	+0.1	+26.1
Brazil	(44)	243.80	+4.4	+84.9	37,223,736.05	+12.1	+1,684.9
Chile	(20)	436.53	+0.2	+4.3	711.63	+0.3	+11.0
Colombia ¹	(6)	466.78	-3.8	+9.8	671.05	-3.3	+9.8
Mexico	(53)	701.52	-4.1	+3.8	940.43	-4.2	+3.6
Venezuela ²	(8)	480.58	+1.0	-7.5	1,052.11	+1.8	+12.7
East Asia							
South Korea ³	(130)	94.15	-1.4	-4.1	100.11	-1.2	-1.6
Philippines	(11)	195.13	+2.8	+46.1	261.59	+3.2	+61.8
Taiwan, China ⁴	(76)	82.04	+1.5	+11.2	82.14	+1.5	+17.8
South Asia							
India ⁵	(81)	93.67	+2.5	-0.0	103.68	+2.5	+8.5
Indonesia ⁶	(31)	97.04	-0.3	+65.3	110.77	-0.4	+68.4
Malaysia	(91)	234.70	-0.2	+43.5	220.80	-0.0	+38.9
Pakistan ⁷	(6)	220.18	+0.3	+10.0	297.77	+0.4	+28.5
Thailand	(53)	277.07	-0.0	+20.3	276.68	-0.0	+18.7
Euro/Mid East							
Greece	(17)	218.30	-3.5	+11.8	343.22	-2.8	+20.5
Jordan	(9)	172.68	+8.2	+47.8	245.05	+8.2	+47.8
Portugal	(16)	107.65	-6.0	+39.5	122.25	-4.8	+58.8
Turkey ⁸	(31)	168.04	+8.5	+151.3	927.05	+8.6	+245.7

¹Index on US\$100. ²Index on US\$100. ³Index on US\$100. ⁴Index on US\$100. ⁵Index on US\$100. ⁶Index on US\$100. ⁷Index on US\$100. ⁸Index on US\$100.

Indices are calculated at end-week and weekly changes are percentage movements from the previous Friday. Base costs: Dec 1988=100 except for those noted.

Indices are calculated at end-of-week, and weekly changes are percentage movement from the previous Friday. Base index Dec 1989=100 except those noted which are: (Brazil 1991; China 1992; India 1991; Japan 1991; Korea 1992; Mexico 1992; Taiwan 1991; Thailand 1991; Turkey 1992)

ted investors. The market drifted lower during the week as the realisation took hold that NAFTA faces a difficult passage through the US congress, particularly as Mr Richard Gephardt, House majority

leader, said he would vote against the deal. The market was slightly stronger yesterday in early trading.

Baring Securities also noted further privatisation developments, with the award of two

more port concessions: "Between 1993 and 1994 total investment in ports is expected to reach \$700m, most of which will be spent in the construction and improvement of terminals."

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
	TUESDAY SEPTEMBER 21 1993																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
Figures in parentheses show number of times of stock	US Dollar Index	Day's Change %	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield	US Dollar Index	Point	Stand Index	Yen Index	Local Currency Index	Local % chg on prev	Gross Dtl Yield